



COMMISSION OF THE EUROPEAN COMMUNITIES

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Proposal for a

COUNCIL REGULATION

**concerning the conclusion of the Partnership Agreement between
the European Community and the Federated States of Micronesia on fishing
in the Federated States of Micronesia**

(presented by the Commission)

EXPLANATORY MEMORANDUM

The access of EC tuna vessels to the fisheries of the Central Western Pacific is considered as an essential opportunity for the long term development of the EC industrial tuna fishery. The Western Pacific is in fact the richest tuna fishery ground in the world (it accounts for 50% of total tuna catches world-wide). Scientific studies have demonstrated that the current state of the stocks is good and that, for certain species, the maximum safe level of exploitation has not been reached yet.

In June 2001 the Council of Ministers mandated the Commission to negotiate bilateral tuna Fisheries Agreements with ACP states of the Central Western Pacific, with a view to creating a network of tuna agreements for the EC tuna fleet in the Pacific region.

In July 2002 the Commission negotiated and concluded a first agreement in the region with the Republic of Kiribati. This agreement became effective in September 2003. A second agreement, with Solomon Islands, was initialled in January 2004 and is supposed to enter into force during the first half of 2006. Exploratory talks with other coastal states were held with the Federated States of Micronesia, Papua New Guinea and the Cook Islands.

Negotiations with the Federated States of Micronesia (FSM) took place between the end of 2003 and the beginning of 2004. The text of the EC/FSM Fisheries Partnership Agreement was initialled in Pohnpei (FSM) on 13 May 2004. It establishes the conditions of access for European tuna vessels to FSM waters and a framework for EC contributions to the implementation of a sustainable fisheries policy by FSM. The agreement will enter into force when the Parties exchange the notification concerning the accomplishment of their respective adoption procedures. A protocol and a technical annex are an integral part of the agreement.

This EC/FSM Agreement adopted the “partnership” approach, as proposed by the Commission in its Communication to the European Parliament and the Council approved by the Council in its conclusions of July 2004.

The protocol to the Fisheries Partnership agreement, which establishes the fishing possibilities and the financial contribution, has been concluded for an initial period of three years. The protocol also establishes that the concession of fishing possibilities by FSM to EC vessels must be compatible with the management decisions taken, on a regional basis, by the Central Western Pacific nations in the context of the *Palau Arrangement for the Management of the Western Pacific Purse Seine Fishery*. It is established that the EC fishing effort in the FSM exclusive economic zone must be in line with the findings of proper relevant tuna stock assessments based on scientific criteria, including the scientific overviews conducted on an annual basis by the Secretariat of the Pacific Community (SPC).

As regards EC fishing possibilities, 6 purse seine vessels and 12 surface long-liners are allowed to fish. Starting from the second year, fishing possibilities may be increased at the request of the Community and depending on the management decisions of the Parties to the *Palau Arrangement* and/or other competent regional fisheries bodies. Alternatively, fishing possibilities may be reduced if, based on scientific advice, competent management bodies and institutions so require.

The global financial contribution has been fixed at EUR 559,000 per year. Starting from the second year, for each additional purse seine vessel licence obtained the financial contribution may be increased by EUR 65,000/year. FSM decided to allocate 18% of the annual financial

contribution to the definition and implementation of a sectoral fisheries policy with a view to enhancing responsible fishing in its waters. This contribution shall be managed in light of the objectives identified by mutual agreement between the EC and FSM.

As regards the monitoring and control of fishing activities, the annex to the protocol establishes that EC vessels have to comply fully with all regional provisions (including a vessel monitoring system - VMS) established in accordance with and under the supervision of the Forum Fishery Agency (FFA).

EC ship-owners shall pay fishing fees of EUR 15,000 per purse seine vessel and EUR 4,200 for each long-liner vessel. Furthermore, EC ship-owners are required to embark at least one FSM seaman per vessel and contribute towards a national observers' scheme

The new agreement is considered as economically sound and of strategic importance for the development of the EC industrial tuna fishery in the Central Western Pacific Ocean. It will encourage the responsible and sustainable exploitation of the resources to the mutual benefit of the Community and FSM.

The Commission proposes on this basis that the Council adopt the conclusion of this new Fisheries Partnership Agreement by Council Regulation.

Proposal for a

COUNCIL REGULATION

**concerning the conclusion of the Partnership Agreement between
the European Community and the Federated States of Micronesia on fishing
in the Federated States of Micronesia**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 37, in conjunction with Article 300(2) and the first subparagraph of Article 300(3) thereof,

Having regard to the proposal from the Commission¹,

Having regard to the opinion of the European Parliament²,

Whereas:

- (1) The Community and the Federated States of Micronesia (FSM) have negotiated and initialled a Partnership Fisheries Agreement providing Community fishermen with fishing opportunities in the waters over which the Federated States of Micronesia has sovereignty or jurisdiction in respect of fisheries.
- (2) That Agreement provides for economic, financial, technical and scientific cooperation in the fisheries sector with a view to guaranteeing the conservation and sustainable exploitation of resources, as well as partnerships between undertakings aimed at developing in the common interest economic activities in the fisheries sector and related activities.
- (3) That Agreement should be approved.
- (4) The allocation of the fishing opportunities among the Member States should be defined,
- (5) The Member States whose vessels fish under this Agreement shall notify the Commission of the quantities of each stock caught within the FSM's fishing zone in accordance with Commission Regulation (EC) No 500/2001³.

¹ OJ C [...], [...], p. [...].

² OJ C [...], [...], p. [...].

³ OJ L 73, 15.3.2001, p. 8.

EUROPEAN COMMUNITY/FEDERATED STATES OF MICRONESIA FISHERIES PARTNERSHIP AGREEMENT

AGREEMENT

PARTNERSHIP AGREEMENT BETWEEN THE EUROPEAN COMMUNITY AND THE FEDERATED STATES OF MICRONESIA ON FISHING IN THE FEDERATED STATES OF MICRONESIA

THE EUROPEAN COMMUNITY, hereinafter referred to as "the Community", and
The Government of Federated States of Micronesia, hereinafter referred to as "FSM";
Both collectively referred to as "the Parties";

CONSIDERING THE close co-operation and cordial relations between the Community and FSM, particularly in the context of the Lomé and Cotonou Agreements, and their common desire to further maintain and develop these relations;

CONSIDERING THE wish of FSM to promote the rational exploitation of its fishery resources by means of intensified co-operation and the desire of the Community fishing vessels to have access to the EEZ of FSM;

RECALLING THAT, in respect of conservation, management and the rational exploitation of highly migratory fish stocks, FSM exercises its sovereign rights or jurisdiction over a zone extending up to 200 nautical miles from the baselines of its coasts;

HAVING REGARD TO the United Nations Convention on the Law of the Sea of 1982 and to the United Nations Fish Stock Agreement;

AWARE OF the importance of the principles established by the Code of Conduct for Responsible Fisheries adopted at the FAO Conference in 1995;

AFFIRMING THAT the exercise of sovereign rights by coastal states in waters under their jurisdiction for the purpose of exploiting, conserving and managing living resources must be conducted in accordance with the principles and practices of international law and in due consideration to practices established at regional level;

DETERMINED TO cooperate, in their mutual interest, in promoting the enhancement of responsible fisheries to ensure the long-term conservation and sustainable exploitation of living marine resources;

CONVINCED THAT such cooperation must take the form of initiatives and measures which, whether taken jointly or separately, are complementary, consistent with policy and ensure synergy of effort;

DECIDED, to these ends, to establish a dialogue with a view to assist FSM in defining a sectoral fisheries policy in FSM and identifying the appropriate means of ensuring that this policy is effectively implemented and that economic operators and civil society are involved in the process;

DESIROUS OF establishing terms and conditions governing the fishing activities of Community vessels in the FSM EEZ and Community support for the enhancement of responsible fishing in that EEZ;

RESOLVED TO pursue closer economic cooperation in the fishing industry and related activities through the encouragement of direct fisheries investment including the setting up of joint enterprises involving companies from both Parties;

HEREBY AGREE AS FOLLOWS:

Article 1

Scope

1. This Agreement establishes the principles, rules and procedures governing:
 - a) economic, financial, technical and scientific cooperation in the fisheries sector with a view to enhancing responsible fishing in the FSM EEZ to ensure the conservation and sustainable exploitation of fisheries resources, and developing the FSM fisheries sector;
 - b) the conditions governing access by Community fishing vessels to FSM EEZ;
 - c) the arrangements for monitoring fisheries in FSM EEZ with a view to ensuring that the above rules and conditions are complied with;
 - d) the measures for an effective conservation and management of fish stocks;
 - e) the prevention of illegal, unreported and unregulated (IUU) fishing; and
 - f) the promotion of cooperation among economic operators including partnerships between companies aimed at developing economic activities in the fisheries sector and related activities, in the common interest.

Article 2

Definitions

1. For the purposes of this Agreement:
 - a) "FSM authorities" means FSM National Oceanic Resource Management Authority (NORMA).
 - b) "Community authorities" means the European Commission.
 - c) "FSM Exclusive Economic Zone" means the waters over which FSM has sovereign right or jurisdiction in respect of fisheries, identified by Title 18 and 24 of the Code of the FSM.
 - d) "Community vessel" means a fishing vessel flying the flag of a Member State and registered in the Community.

- e) “Joint enterprise” means a commercial company set up in FSM by vessel owners or national enterprises from the Parties in order to engage in fishing or related activities.
- f) “Joint Committee” means a committee made up of representatives of the Community and FSM whose functions are described in Article 9 of this Agreement.
- g) “Fishing” means:
 - i. searching for, catching, taking or harvesting fish;
 - ii. attempting to search for, catch, take or harvest fish;
 - iii. engaging in any other activity which can reasonable be expected to result in locating, catching, taking or harvesting fish;
 - iv. placing, searching for or recovering fish aggregating devices or associated electronic equipment such as radio beacons;
 - v. any operation at sea directly in support of or in preparation for any activity described in sub-paragraphs (i) to (iv); and
 - vi. use of any other vehicle, air or sea borned, for any activity described in sub-paragraphs (i) to (v) except for emergencies involving health and safety of the crew or the safety of a vessel.
- h) “fishing vessel” means any vessel used or intended for use for the purpose of fishing, including support ships, carrier vessels, and any other vessels directly involved in such fishing operations.
- i) “operator” means any person who is in charge of, or is responsible for the operation of, or directs or controls a fishing vessel, including the owner, charterer or master.
- j) “transhipment” means the unloading of any or all of the fish on board a fishing vessel onto another fishing vessel in a designated port.

Article 3

Principles and Objectives

referred to the Implementation of this Agreement

1. The Parties hereby undertake to promote responsible fishing in the FSM EEZ based on the principle of non-discrimination between the different fleets fishing in the zone, without prejudice to agreements concluded between developing countries within a geographical region, including reciprocal fisheries agreements.
2. The Parties shall cooperate with a view to assisting the FSM in defining and implementing a sectoral fisheries policy in FSM EEZ and shall to that end initiate a

policy dialogue on the necessary reforms. They hereby undertake to inform and consult each other on any change in the sectoral fisheries policy.

3. The Parties shall also cooperate on carrying out *ex-ante*, ongoing and *ex-post* evaluations, both jointly and unilaterally, of measures, programmes and actions implemented on the basis of this Agreement.
4. The Parties hereby undertake to ensure that this Agreement is implemented in accordance with the principles of good economic and social governance.
5. The employment of FSM seamen on board Community vessels shall be governed by the International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work, which shall apply as of right to the corresponding contracts and general terms of employment. This concerns in particular the freedom of association and the effective recognition of the right to collective bargaining, and the elimination of discrimination in respect of employment and occupation.

Article 4

Scientific cooperation

1. During the period covered by this Agreement, the Community and FSM shall exchange information on the ongoing state of resources in FSM EEZ; a joint scientific meeting shall be held when necessary to recommend measures to the Joint Committee as provided for in Article 9(b).
2. The Parties shall consult each other, either directly or within the international organisations concerned, to ensure the management and conservation of living resources in the Western and Central Pacific, and to cooperate in the relevant scientific research.

Article 5

Access by Community Vessels to FSM EEZ

1. FSM hereby undertakes to authorise Community vessels to engage in fishing activities in its EEZ in accordance with this Agreement, including the Protocol and Annex thereto.
2. The fishing activities governed by this Agreement shall be subject to the laws and regulations of the FSM. FSM shall notify the Commission of any amendments to the said laws and regulations as soon as practicable and shall apply 3 months after notification.
3. FSM has responsibility for the effective implementation of the fisheries monitoring provisions in the Protocol. Community vessels shall comply with such monitoring requirements. The steps taken by FSM to regulate fishing in the interest of the conservation of fishery resources shall be based on objective and scientific criteria. They shall apply without discrimination to Community, FSM and foreign vessels, without prejudice to agreements concluded between developing countries within a single geographical region, including reciprocal fisheries agreements.

4. The Community shall take all the appropriate steps required to ensure that its vessels comply with this Agreement and the laws and regulations governing fisheries in the FSM EEZ.

Article 6

Licences

1. The procedure for obtaining a fishing licence for a vessel, the fees applicable and the method of payment to be used by ship-owners shall be as set out in the Annex to the Protocol.

Article 7

Financial Contribution

1. The Community shall grant FSM a single financial contribution in accordance with the terms and conditions laid down in the Protocol and Annexes without prejudice to financing accorded to the FSM under the Cotonou Agreement. This single contribution shall be calculated on the basis of two related elements, namely:
 - a) Access by Community vessels to the FSM EEZ; and
 - b) The Community's financial support for enhancing responsible fishing and the sustainable exploitation of fisheries resources in FSM EEZ.
2. The part of the financial contribution referred to in point (b) of paragraph 1 shall be determined and managed in the light of objectives identified by common accord between the Parties in accordance with the Protocol, to be achieved in the context of the sectoral fisheries policy of the FSM and in accordance with an annual and multiannual programme for its implementation.
3. The financial contribution granted by the Community shall be paid each year in accordance with the Protocol and without prejudice to the provisions of this Agreement and its Protocol on any change of the amount of the contribution as a result of:
 - a) serious circumstances, other than natural phenomena, preventing fishing activities in FSM EEZ, in accordance with Article 14 of this Agreement;
 - b) a reduction in the fishing opportunities granted to Community vessels made by mutual agreement between the Parties for the purposes of managing the stocks concerned, where this is considered necessary for the conservation and sustainable exploitation of resources on the basis of the best available scientific advice, in accordance with Article 4 of the Protocol;
 - c) an increase in the fishing opportunities granted to Community vessels, made by mutual agreement between the Parties where the best available scientific advice concurs that the state of resources so permits, in accordance with Articles 1 and 4 of the Protocol;

- d) a reassessment of the terms of Community financial support for implementing a sectoral fisheries policy in FSM, in accordance with Article 5 of the Protocol, where this is warranted by the results of the annual and multiannual programming observed by both Parties;
- e) termination of this Agreement under Article 12.
- f) suspension of the implementation of this Agreement under Article 13.

Article 8

Promoting Cooperation among Economic Operators and in Civil Society

1. The Parties shall encourage economic, commercial, scientific and technical cooperation in the fisheries sector and related sectors. They shall consult one another with a view to coordinating the different measures that might be taken to this end.
2. The Parties shall encourage exchanges of information on fishing techniques and gear, preservation methods and the industrial processing of fisheries products.
3. The Parties shall endeavour to create conditions favourable to the promotion of relations between enterprises from the Parties in the technical, economic and commercial spheres, by encouraging the establishment of an environment favourable to the development of business and investment.
4. The Parties shall encourage direct investment, in particular, the setting-up of joint enterprises in their mutual interest. The creation of joint enterprises in FSM and the transfer of Community vessels to joint enterprises shall systematically comply with FSM and Community legislation.

Article 9

Joint Committee

1. A Joint Committee shall be set up to monitor the implementation of this Agreement. The Joint Committee shall perform the following functions:
 - a) monitoring the performance, interpretation and implementation of this Agreement and in particular, the definition of the annual and multiannual programming referred to in Article 5(2) of the Protocol and evaluation of its implementation;
 - b) providing the necessary liaison for matters of mutual interest relating to fisheries and in particular measures to ensure the sustainable management of fisheries resources;
 - c) acting as a forum for the amicable settlement of any disputes regarding the interpretation or implementation of this Agreement;

- d) reassessing, where necessary, the level of fishing opportunities and, consequently, of the financial contribution. Consultations shall be based on the principles set out under Articles 1, 2, and 3 of the Protocol;
 - e) any other function which the Parties decide on by mutual agreement.
2. The Joint Committee shall meet at least once a year, alternately in the Community and in FSM, and shall be chaired by the Party hosting the meeting. It shall hold a special meeting at the request of either of the Parties.

Article 10

Geographical Area to which this Agreement Applies

1. This Agreement shall apply, on the one hand, to the territories in which the Treaty establishing the European Community applies, under the conditions laid down in that Treaty and, on the other hand, to the territory of FSM.

Article 11

Duration

1. This Agreement shall apply for nine years from the date of its entry into force; it shall be renewable for additional periods of three years, unless notice of termination is given in accordance with Article 12.

Article 12

Termination

1. This Agreement may be terminated by either Party in the event of serious circumstances such as the degradation of the stocks concerned, the discovery of a reduced level of exploitation of the fishing opportunities granted to Community vessels, or failure to comply with undertakings made by the Parties with regard to combating illegal, unreported and unregulated fishing.
2. The Party concerned shall notify the other Party of its intention to withdraw from this Agreement in writing at least six months before the date of expiry of the initial period or each additional period.
3. Dispatch of the notification referred to in the previous paragraph shall open consultations by the Parties.
4. Payment of the financial contribution referred to in Article 7 for the year in which the termination takes effect shall be reduced proportionately and pro rata temporis.
5. Before the end of the period of validity of any Protocol to this Agreement, the parties shall hold negotiations to establish by agreement what amendments or additions to the Protocol and the Annex are required.

Article 13

Suspension and Review of the Payment of the Financial Contribution

1. Implementation of this Agreement may be suspended at the initiative of one of the Parties in the event of a serious disagreement as to the implementation of provisions laid down in this Agreement or its Protocol and Annex. Such suspension shall require the Party concerned to notify its intention in writing at least three months before the date on which suspension is due to take effect. On receipt of this notification, the Parties shall enter into consultations with a view to resolving their differences amicably.
2. Payment of the financial contribution referred to in Article 7 shall be reduced proportionately and *pro rata temporis*, according to the duration of the suspension.

Article 14

Suspension of the Payment of the Financial Contribution on Grounds of Force Majeure

1. Where serious circumstances, other than natural phenomena, prevent fishing activities in FSM EEZ, the European Community may suspend payment of the financial contribution provided for in Article 2 of the Protocol, following consultations between the two parties where possible, and provided that the Community has paid in full any amounts due at the time of suspension.
2. Payment of the financial contribution shall resume as soon as the parties find, by mutual agreement following consultations, that the circumstances preventing fishing activities are no longer present and that the situation allows a resumption of fishing activities. This payment should be done within a time limit of two months upon confirmation from both parties.
3. The validity of the licences granted to Community vessels under Article 6 of this Agreement and Article 1 of the Protocol shall be extended by a period equal to the period during which fishing activities were suspended.

Article 15

Protocol and Annex

1. The Protocol and the Annex shall form an integral part of this Agreement.

Article 16

Entry into Force

1. This Agreement, drawn up in duplicate in the Czech, Danish, Dutch, English, Estonian, Finnish, French, German, Greek, Hungarian, Italian, Latvian, Lithuanian, Maltese, Polish, Portuguese, Slovak, Slovene, Spanish and Swedish languages, each of these texts being equally authentic, shall enter into force on the date on which the Parties notify each other that their adoption procedures have been completed.
2. It shall apply with effect not before 01 January 2005.

PROTOCOL

SETTING OUT THE FISHING OPPORTUNITIES AND PAYMENTS PROVIDED FOR IN THE PARTNERSHIP AGREEMENT BETWEEN THE EUROPEAN COMMUNITY AND FEDERATED STATES OF MICRONESIA ON FISHING IN

FEDERATED STATES OF MICRONESIA

Article 1

Period of Application and Fishing Opportunities

1. FSM shall grant annual fishing licences to Community tuna fishing vessels pursuant to Article 6 of the Agreement, in conformity with Title 24 of the Code of the FSM and within the limits established by the Palau Arrangement for the Management of the Western Pacific Purse Seine Fishery, hereinafter referred to as “the Palau Arrangement”.
2. For a period of three years from the date of entry into force of this Protocol the fishing opportunities foreseen under Article 5 of the Agreement shall provide annual licences to fish simultaneously within FSM EEZ for 6 purse seine vessels and 12 long-liners.
3. Starting from the second year of application of the Protocol and without prejudice to Article 9(d) of the Agreement and Article 4 of the Protocol, at the request of the Community, the number of fishing licences for purse seine vessels granted in Article 1(2) of this Protocol may be increased. This will be possible only if resources permit and in accordance with the Palau Arrangement yearly limitations and with an appropriate tuna stock assessment based on objective and scientific criteria, including the “Western and Central Pacific Tuna Fishery Overview and Status of Stocks” published yearly by the Secretariat of the Pacific Community.
4. Paragraphs 1, 2 and 3 shall apply subject to Articles 4, 6 and 7 of this Protocol.

Article 2

Financial Contribution - Methods of Payment

1. The single financial contribution referred to in Article 7 of the Agreement shall be EUR 559,000 per year.
2. Paragraph 1 shall apply subject to Articles 4 of this Protocol and to Articles 13 and 14 of the Agreement.
3. If the total quantity of tuna catches per year by Community vessels in the FSM EEZ exceeds 8,600 tons, the total annual financial contribution shall be increased by EUR 65 per additional ton of tuna caught. However, the total annual amount to be paid by the Community cannot exceed the triple of the amount of the financial contribution referred to in paragraph 1.

4. For each additional purse seine licence granted by FSM pursuant to Article 1(3), the Community shall increase the financial contribution referred to in Article 2(1) of this Protocol by EUR 65,000 per year.
5. Payment shall be made no later than 3 months after the entry of Agreement into force for the first year and no later than the anniversary date of this Protocol for the following years.
6. Subject to Article 5, FSM shall have full discretion regarding the use to which this financial contribution is put.
7. The financial contribution shall be paid into the General Fund Account of the FSM held at the Bank of FSM, Pohnpei Branch. The annual financial contribution to be paid by the Community in exchange for the granting of additional annual licences pursuant to Articles 1(3) and 2(4) shall be paid into the same account. The banking details shall be communicated by NORMA to the European Commission before the entry into force.
8. Copies of payments or wire transfers shall be forwarded to NORMA as evidence of payments made.

Article 3

Cooperation on Responsible Fishing

1. Both parties hereby undertake to promote responsible fishing in the FSM EEZ based on the principle of non discrimination between the different fleets fishing in those waters.
2. During the period covered by this Protocol, the Community and FSM shall monitor the state and sustainability of resources in the FSM EEZ.
3. Based on the conclusions of the annual meeting of the members to “the Palau Arrangement” and on the yearly assessment of stocks done by the Secretariat of the Pacific Community, the two parties shall consult each other within the Joint Committee provided for in Article 9 of the Agreement and, where necessary and by mutual agreement, take measures to ensure the sustainable management of fisheries resources.

Article 4

Review of Fishing Opportunities

1. The fishing opportunities referred to in Article 1 may be increased by mutual agreement insofar as the conclusions of the annual meeting of the “Palau Arrangement” members and the annual review of the status of stocks made by the Secretariat of the Pacific Community confirm that such an increase will not endanger the sustainable management of FSM’s fisheries resources. In this case the financial contribution referred to in Article 2(1) shall be increased proportionately and *pro rata temporis*.
2. Conversely, if the parties agree to adopt measures resulting in a reduction in the fishing opportunities provided for in Article 1, or if a reduction is required as a result

of a decision of the Parties to the Palau Arrangement, the financial contribution shall be reduced proportionally and *pro rata temporis*.

3. The allocation of the fishing opportunities among different categories of vessels may also be reviewed by mutual agreement between the parties, provided that any changes comply with any recommendations made by the scientific meeting regarding the management of stocks liable to be affected by such redistribution. The parties shall agree on the corresponding adjustment of the financial contribution where the redistribution of fishing opportunities so warrants.

Article 5

Support for Enhancing Responsible Fishing in FSM

1. FSM shall define and implement a sectoral fisheries policy with a view to enhancing responsible fishing. A share of eighteen percent (18%) of the single financial contribution referred to in Article 2(1) of this Protocol shall be put towards these objectives. This contribution shall be managed in the light of objectives identified by mutual agreement between the two parties, and the annual and multiannual programming to attain them.
2. For the purposes of paragraph 1, as soon as this Protocol enters into force and no later than three months after that date, the Community and FSM shall agree, within the Joint Committee provided for in Article 9 of the Agreement, on a multiannual sectoral programme and detailed implementing rules covering, in particular:
 - (a) annual and multiannual guidelines for using the percentage of the financial contribution referred to in paragraph 1;
 - (b) the objectives, both annual and multiannual, to be achieved with a view to introducing, over time, responsible fishing and sustainable fisheries, taking account of the priorities expressed by FSM in its national fisheries policy and other policies relating to or having an impact on the enhancement of responsible fishing and sustainable fisheries;
 - (c) criteria and procedures for evaluating the results obtained each year.
3. Any proposed amendments to the multiannual sectoral programme must be approved by both parties within the Joint Committee.
4. Each year, FSM shall allocate the percentage of the single financial contribution referred to in paragraph 1 with a view to implementing the multiannual programme. For the first year of application of this Protocol, that allocation must be notified to the Community at the time when the multiannual sectoral programme is approved within the Joint Committee. For each year thereafter, FSM shall notify the European Commission of the new allocation no later than 45 days before the anniversary date of this Protocol.
5. The eighteen percent (18%) share of the single financial contribution provided for in paragraph (1) shall be controlled by NORMA.
6. Where the annual evaluation of the progress made in implementing the multiannual sectoral programme so warrants, the European Commission may ask for the share of

the single financial contribution referred to in Article 5(1) of this Protocol to be reduced with a view to bringing the actual amount of financial resources allocated to implementation of the programme into line with its results.

Article 6

Disputes - Suspension of Implementation of this Protocol

1. Any dispute between the parties over the interpretation of this Protocol or its application shall be the subject of consultations between the parties within the Joint Committee provided for in Article 9 of the Agreement, in a special meeting if necessary.
2. Without prejudice to Article 7, implementation of this Protocol may be suspended at the initiative of one party if the dispute between the parties is deemed to be serious and if the consultations held within the Joint Committee under paragraph 1 have not resulted in an amicable settlement.
3. Suspension of implementation of this Protocol shall require the interested party to notify its intention in writing at least three months before the date on which suspension is due to take effect.
4. In the event of suspension, the parties shall continue to consult with a view to finding an amicable settlement to their dispute. Where such settlement is reached, implementation of this Protocol shall resume and the amount of the financial contribution shall be reduced proportionately and *pro rata temporis* according to the period during which application of this Protocol was suspended.

Article 7

Suspension of Implementation of this Protocol on Grounds of Non-Payment

1. Subject to Article 9 of the Agreement, if the Community fails to make the payments provided for in Article 2 of this Protocol, the implementation of this Protocol may be suspended on the following terms:
 - (a) NORMA shall notify the European Commission of the non-payment. The latter shall make the necessary verifications and, where necessary, transmit the payment within no more than 45 working days of the date of receipt of the notification.
 - (b) If no payment is made and non-payment is not adequately justified within the period provided for in point (a) above, FSM shall be entitled to suspend the implementation of this Protocol. They shall inform the European Commission of such action forthwith.
 - (c) Implementation of this Protocol shall resume as soon as the payment concerned has been made.

Article 8
National Laws and Regulations

1. The activities of vessels operating under this Protocol and the Annex thereto, in particular transshipment, the use of port services, and the purchase of supplies, shall be governed by the applicable national laws and regulations in FSM.

Article 9
Entry into Force

1. This Protocol with its Annex shall enter into force on the date of the entry into force of the Agreement.

ANNEX

CONDITIONS GOVERNING FISHING ACTIVITIES BY COMMUNITY VESSELS IN THE FSM

CHAPTER I

APPLICATION FORMALITIES AND *ISSUE* OF LICENCES

Section 1 *Issue of Licences*

1. Only authorised vessels may obtain a licence to fish in the Exclusive Economic Zone of the Federated States of Micronesia (FSM EEZ).
2. For a vessel to be authorised, the owner and the master must have fulfilled all prior obligations arising from their fishing activities in Federated States of Micronesia (FSM) under the Agreement. The vessel itself must be in good standing on the Regional Register and Vessel Monitoring System Register.
3. All Community vessels applying for a fishing licence must be represented by an agent resident in FSM. The name, address and contact numbers of that agent shall be stated in the licence application.
4. The European Commission shall present to the Executive Director of the National Oceanic Resource Management Authority (Executive Director) via the Delegation of the European Commission responsible for FSM (hereinafter “the Delegation”), an application for each vessel wishing to fish under the Agreement at least 30 days before the beginning of the requested term of validity.
5. Applications shall be submitted to the Executive Director on the appropriate forms as drawn up in accordance with the specimen in Appendix 1a in case of 1st licence application and 1b in case of licence renewal.
6. All licence applications shall be accompanied by the following documents:
 - a) payment or proof of payment of the fee for the period of validity of the licence;
 - b) a copy of the tonnage certificate, certified by the flag Member State, giving the tonnage of the vessel expressed in GRT or GT;
 - c) a recent, certified colour photograph, of at least 15 cm x 10 cm, showing a side view of the vessel in its current state;
 - d) any other documents or certificates required under the specific rules applicable to the type of vessel concerned pursuant to this Protocol.
 - e) a certificate of good standing on the Regional Register and Regional VMS Register;

- f) a copy of the Certificate of Insurance in English valid for the duration of the license;
 - g) an application fee or proof of payment of EURO 250 per vessel;
 - h) an observer contribution fee of EURO 500.
7. All the fees shall be paid into the account named in Article 2(7) of the Protocol.
 8. The fees shall include all national and local charges except for port taxes, service charges and transshipment fees.
 9. Licences for all vessels shall be issued to ship-owners or their agents via the Delegation within 30 working days of receipt of all the documents referred to in point 6 by the Executive Director.
 10. If a licence is signed at a time when the Delegation offices are closed, it shall be sent direct to the vessel's agent -and a copy shall be sent to the Delegation.
 11. Licences shall be issued for a specific vessel and shall not be transferable.
 12. At the request of the Community and where force majeure is proven, a vessel's licence shall be replaced by a new licence for another vessel whose features are similar to those of the first vessel, with no further fee due. The total catch by both vessels concerned will be taken into account when the level of catches by Community vessels is taken into consideration to determine if any additional payments are to be made by the Community according to Article 2(3) of the Protocol.
 13. The owner of the first vessel, or the agent, shall return the licence to be cancelled to the Executive Director via the Delegation.
 14. The new licence shall take effect on the day the Executive Director issues the license. The Delegation in the FSM shall be informed of the new licence.
 15. The licence must be kept on board at all times, prominently displayed in its wheelhouse, without prejudice to point 1 of Chapter IX of this Annex. For a reasonable period of time after issuance of the license, not to exceed 45 days, and pending receipt by the vessel of the original license, a facsimile, or other documentation approved by the Executive Director, of the actual and valid original license shall constitute sufficient evidence of a valid license for purpose of surveillance, monitoring and enforcement of this Agreement.

Section 2

Licence Conditions – Fees and Advance Payments

1. Licences shall be valid for one year. They may be renewable. Renewal of Licences shall be subject to the number of available fishing possibilities established by the Protocol.
2. The fee shall be EUR 35 per tonne caught within the FSM EEZ.

3. Licences shall be issued once the following standard amounts have been paid to the Account named in Article 2(7) of the Protocol:
 - a) EUR 15,000 per tuna seiner vessel, equivalent to the fees due for 428 tonnes of tuna and tuna-like species caught per year;
 - b) EUR 4,200 per surface long-liner, equivalent to the fees due for 120 tonnes of tuna and tuna-like species caught per year;
4. The final statement of the fees due for the fishing year shall be drawn up by the European Commission by June 30th each year for the amounts caught during the year before and on the basis of the catch declarations made by each ship-owner. The data should be confirmed by the scientific institutes responsible for verifying catch data of the Community (Institut de Recherche pour le Development (IRD), the Instituto Español de Oceanografía (IEO) or the Instituto Portugues de Investigaçao Maritima (IPIMAR) and by the Secretariat of the Pacific Community (SPC). On the basis of those confirmed statement of catches figures the Commission shall establish a statement of the fees due in respect of each licence period, calculated on the basis of EUR 35 per ton caught.
5. The fee statement drawn up by the Commission shall be transmitted to the Executive Director for verification and approval.

The National Oceanic Resource Management Authority (NORMA) may question the fee statement within 30 days from the invoice of the statement and, in case of disagreement, request the call of the Joint Committee.

If no objections are raised within 30 days from the invoice of the statement, the fee statement is considered to be accepted by FSM.
6. The final fee statement shall simultaneously be notified without delay to the Executive Director, to the Delegation, to the SPC and to the ship-owners via their national administrations.
7. Any additional payments shall be made by the ship-owners to the FSM within forty-five (45) days from notification of the confirmed final statement into the Account named in Article 2(7) of the Protocol.
8. However, if the amount of the final statement is lower than the advance referred to in point 3 of this Section, the resulting balance shall not be reimbursable to the ship-owner.

CHAPTER II

FISHING ZONES AND FISHING ACTIVITIES

1. The vessels referred to in Article 1 of the Protocol shall be authorized to engage in fishing activities within FSM EEZ, except in the territorial waters and, named banks as depicted in charts: DMAHTC NO 81019 (2nd ed. March 1945; revised 7/17/72, corrected thru NM 3/78 of June 21, 1978, DMAHTC NO. 81023 (3rd ed. Aug. 7 1976) and DMAHATC NO. 81002 (4th ed. Jan. 26, 1980 corrected thru NM 4/48).

The Executive Director shall communicate to the Commission any modification to the said closed areas at least two months before their application.

2. In any case, all fishing shall not be permitted within 2 nautical miles radius of any anchored fish-aggregating device of the Government of the FSM, or any other citizen or entity for which notification of its location shall be given by geographical coordinates and 1 nautical mile from any submerged reef as depicted in the charts in Paragraph 1 above.
3. Only fishing for tuna and tuna-like species shall be permitted by purse seine and longline vessels. Any incidental by-catch of a species of fish other than tuna shall be reported to NORMA.
4. No bottom fishing or coral fishing is permitted within the FSM EEZ.
5. Community vessels shall be required to stow all fishing gear whenever such vessels are within the internal waters of each state, the Territorial Sea or within 1 mile of submerged reefs.
6. Community vessels shall conduct all fishing activities in a manner which will not disrupt traditional, local-based fisheries, and shall release all turtles, marine mammals and reef fish in a manner which will provide this miscellaneous catch with the greatest chance of survival.
7. Community vessels, its master and operator shall conduct all fishing activities in a manner, which will not disrupt the fishing operations of other fishing vessels and shall not interfere with the fishing gear of other fishing vessels.
8. Community vessels fishing in the FSM EEZ shall not tranship their catch at sea under any circumstances.

CHAPTER III

CATCH REPORTING ARRANGEMENTS

1. For the purposes of this Annex, the duration of a voyage by a Community vessel shall be defined as follows:
 - a) either the period elapsing between entering and leaving FSM EEZ;
 - b) or the period elapsing between entering FSM EEZ and a transhipment;
 - c) or the period elapsing between entering FSM EEZ and a landing in the FSM port.
2. All Community vessels authorised to fish in the waters of FSM under the Agreement shall be obliged to communicate their catches to the Executive Director in the following manner:
 - a) Declarations shall include the catches made by the vessel during each trip. They shall be transmitted to the Executive Director by electronic means, with a copy to the Delegation, at the end of each trip and, in all cases, before the

vessel leaves FSM EEZ. Electronic receipts shall be sent at once to the vessel by both addressees, with a copy to the other.

- b) The original of the declarations sent electronically during the annual period of validity of the licence within the meaning of point 2(a) above shall be transmitted on a physical medium to the Executive Director within forty-five (45) days following the end of the last trip made during the said period. Hard copies shall be sent to the European Commission at the same time.
 - c) Community vessels shall declare their catches on the corresponding Catch Report forms, as provided in Appendix 2a or 2b, as appropriate. The words “Outside Federated States of Micronesia EEZ” shall be entered in the abovementioned Catch Report in respect of periods during which the vessel is not in the waters of FSM.
 - d) On the Catch Report form the Community vessels shall be required to report the date, time and position of the vessel for each set made by the vessel as well as full and complete information as to the catch for each set. If no sets were made by a vessel for a particular day, or if a set is made and no fish are caught, the vessel shall be required to report this information on the daily Catch Report form. On days when no fishing operations are conducted, before midnight local time of that day, the vessel must record on the Catch Report form the fact that no operations were conducted.
 - e) Each Community vessel shall make the daily Catch Reports immediately available for inspection by enforcement officers and other individuals and entities authorised by NORMA.
 - f) For incidental by-catch of species other than tuna, the Community vessels shall report the species of fish taken and the size and quantity of each species by weight or number, as specified in the Catch Report form whether the catch is kept on board the vessel or was returned to the sea.
 - g) The Catch Report forms shall be filled in legibly on a daily basis and signed by the master of the ship.
3. Where the provisions set out in this Chapter are not complied with, FSM reserves the right to suspend the licence of the offending vessel until formalities have been completed and to apply the penalty laid down in applicable FSM laws and regulations. The European Commission shall be informed thereof.

CHAPTER IV

EMBARKING SEAMEN

- 1. Each Community vessel fishing under the Agreement shall undertake to employ at least one (1) FSM national as a crew-member. Condition of service for FSM nationals should be as standard for the industry in the FSM.
- 2. In case a Community vessel is not in the condition to employ one (1) FSM national as a crew-member and for reasons other than that referred to in point 9 below, ship-owners shall be obliged to pay a lump sum equivalent to the wages of two crew-

members for the duration of the fishing season in the FSM EEZ. That sum shall be used for the training of seamen/fishermen in FSM and shall be paid into the Account named in Article 2(7) of the Protocol.

3. Ship-owners shall be free to select the seamen they take on board their vessels from the names on a list submitted by the Executive Director.
4. The ship-owner or agent shall inform the Executive Director of the names of FSM seamen taken on board the vessel concerned, mentioning their position in the crew.
5. The International Labour Organisation (ILO) Declaration on Fundamental Principles and Rights at Work shall apply as of right to seamen signed on by Community vessels. This concerns in particular the freedom of association and the effective recognition of the right to collective bargaining, and the elimination of discrimination in respect of employment and occupation.
6. FSM seamen's employment contracts, a copy of which shall be given to the signatories, shall be drawn up between the ship-owners' agent(s) and the seamen and/or their trade unions or representatives in consultation with the Executive Director. These contracts shall guarantee the seamen the social security cover applicable to them, including life insurance and sickness and accident insurance.
7. FSM seamen's wages shall be paid by the ship-owners. They shall be fixed, before licences are issued, by mutual agreement between the ship-owners or their agents and the Executive Director. However, the wage conditions granted to FSM seamen shall not be lower than those applied to FSM crews and shall under no circumstances be below ILO standards.
8. All seamen employed aboard Community vessels shall report to the master of the vessel designated on the day before their proposed embarkation date. Where a seaman fails to report at the date and time agreed for embarkation, ship-owners shall be automatically absolved of their obligation to take the seaman on board. The Executive Director shall be promptly notified of the payment.

CHAPTER V

TECHNICAL SPECIFICATIONS

1. The Community vessels shall comply with the measures taken by the FSM and by the Parties to the "Palau Arrangement" regarding fishing gear and the technical specifications thereof and all other technical measures applicable to their fishing activities.

CHAPTER VI

OBSERVERS

1. At the time of lodging a license application, each Community vessel concerned shall contribute an observer placement fee as specified in Section 1(6)(h) of Chapter I of this Annex into the Account named in Article 2(7) of the Protocol, specifically for the observer's programme.

2. Community vessels authorised to fish in the FSM EEZ under the Agreement shall take on board observers appointed by NORMA on the terms set out below:
 - a) The Executive Director shall determine each year the scope of the programme for observation on board on the basis of the number of vessels authorised to fish in the waters under its jurisdiction and the state of the resources targeted by those vessels. It shall determine accordingly the number or percentage of vessels by category of fishery which shall be required to take an observer on board.
 - b) The Executive Director shall draw up a list of vessels designated to take an observer on board and a list of appointed observers. These lists shall be kept up to date. They shall be forwarded to the Commission as soon as they have been drawn up and every three months thereafter where they have been updated.
 - c) The Executive Director shall inform the ship-owners concerned, or their agents, of his intentions to take on board an appointed observer on their vessels at the time the licence is issued, or no later than fifteen (15) days before the observer's planned embarkation date and whose name shall be notified as soon as possible.
3. The time spent on board by observers shall be fixed by the Executive Director but, as a general rule, it should not exceed the time required to carry out their duties. The Executive Director shall inform the ship-owners or their agents thereof when notifying them of the name of the observer appointed to be taken on board the vessel concerned.
4. Within two weeks and giving ten days' notice, the ship-owners concerned shall make known at which FSM ports and on what dates they intend to take observers on board.
5. Where observers are taken on board in a foreign port, their travel costs shall be borne by the ship-owner. Should a vessel with an observer from FSM on board leave the FSM EEZ, all measures must be taken to ensure the observer's return to the FSM as soon as possible at the expense of the ship-owner.
6. If the observer is not present at the time and place agreed and during the six (6) hours following the time agreed, ship-owners shall be automatically absolved of their obligation to take the observer on board.
7. Observers shall be treated as officers. They shall carry out the following tasks:
 - a) observe the fishing activities of the vessels;
 - b) verify the position of vessels engaged in fishing operations;
 - c) perform biological sampling in the context of scientific programmes;
 - d) note the fishing gear used;
 - e) verify the catch data for FSM EEZ recorded in the Catch Report;

- f) verify the percentages of by-catches and estimate the quantity of discards of species of marketable fin-fish, crustaceans, cephalopods and marine mammals;
 - g) report fishing data once a week by radio, including the quantity of catches and by-catches on board.
8. Captains and masters shall permit authorized observers of the FSM to board the authorized vessels operating within the FSM EEZ and shall do everything in their power to ensure the physical safety and welfare of observers during performance of their duties:
- a) The captain or master shall allow and assist such authorized observer to board the vessel for scientific, monitoring, and other functions;
 - b) The captain or master shall assist the observer to have full access and to use facilities and equipment on board the vessel, which the authorized observer may determine necessary to carry out the observer's duties;
 - c) Observers shall have access to the bridge, fish on board and areas, which may be used to hold, process, weigh and store fish;
 - d) Observers may remove a reasonable number of samples and shall have full access to the vessel's records, including its logs, catch reports, and documentation for the purpose of inspection and copying; and
 - e) Observers shall be allowed to gather any other information relating to fisheries in the EEZ.
9. While on board, observers shall:
- a) take all appropriate steps to ensure that their presence on the vessel does not interfere in the normal operation of the vessel,
 - b) respect the material and equipment on board and the confidentiality of all documents belonging to the said vessel.
10. At the end of the observation period and before leaving the vessel, the observer shall draw up an activity report to be signed in the presence of the master who may provide additional comments considered relevant, followed by the master's signature. Copies of the report shall be provided to the master when the observer is put ashore and to the Delegation.
11. Ship-owners shall bear the cost of accommodating observers in the same conditions as the officers on the vessel.
12. The salary and social contributions of the observer shall be borne by the FSM Government.

CHAPTER VII

VESSEL IDENTIFICATION AND ENFORCEMENT

1. For fisheries and marine safety purposes, every vessel shall be marked and identified in accordance with the Food and Agricultural Organisation (FAO) approved standard specification for the marking and identification of fishing vessels.
2. The name of the vessel will be printed clearly in Latin characters on the bow and the stern of the vessel.
3. Any vessel not displaying its name and radio call sign or signal letters in the prescribed manner may be escorted to a FSM port for further investigation.
4. A vessel operator shall ensure the continuous monitoring of the international distress and calling frequency (2182) kHz (HF), and/or the international safety and calling frequency (156.8) MHz (Channel 16, VHF-FM) to facilitate communication with the fisheries management, surveillance and enforcement authorities of the FSM Government.
5. A vessel operator shall ensure that a recent and up to date copy of the International code of Signals (INTERCO) is on board and accessible at all times.

CHAPTER VIII

COMMUNICATION WITH PATROL VESSELS OF FEDERATED STATES OF MICRONESIA

1. Communication between the permitted vessels and the patrol vessels of the Government shall be made by international signal codes as follows:

International Signal Code – Meaning:

LStop immediately

SQ3Stop or slow down, I wish to board your vessel

QNLay your vessel along the star board side of our vessel

QN1Lay your vessel along the port side of our vessel

TD2Are you a fishing vessel?

CYes

NNo

QRWe cannot lay our vessel alongside your vessel

QPWe will lay our vessel alongside your vessel

CHAPTER IX

MONITORING

1. The European Commission shall keep an up-to-date list of the vessels to which a fishing licence has been issued under this Protocol. This list shall be notified to the FSM authorities responsible for fisheries inspection as soon as it is drawn up and each time it is updated. The ship-owner may then obtain a certified copy of this list to be kept on board instead of the fishing licence until the licence has been issued.
2. Entering and leaving the zone:
 - a) Community vessels shall notify the Executive Director at least 24 hours in advance of their intention to enter and immediately upon departure from the FSM EEZ. As soon as the vessels enter the FSM EEZ, they shall inform the Executive Director by fax or e-mail in accordance with the specimen provided in Appendix 3 or by radio.
 - b) When notifying departure, vessels shall also communicate their position and the volume and species in catches kept on board in accordance with the specimen provided in Appendix 3. These communications shall be made preferably by fax, but failing this, in the case of vessels without a fax, by e-mail or by radio.
 - c) Vessels found to be fishing without having informed the Executive Director shall be regarded as vessels without a licence.
 - d) Vessels shall also be informed of the fax and telephone numbers and e-mail address of NORMA when the fishing licence is issued.
3. Control procedures:
 - a) Captains or masters of Community vessels engaged in fishing activities in the FSM EEZ shall allow and facilitate boarding and the discharge of their duties by any FSM authorized enforcement official responsible for the inspection and control of fishing activities at any time within the FSM EEZ or the Territorial Waters or internal waters of each State of the FSM.
 - b) Enforcement officials shall have full access to the vessel's records, including its logs, Catch Reports, documentation and any electronic device used for recording or storing data, and the captain or master of the vessel shall permit such authorized officials to make notation on any permit issued by NORMA or other documentation required under the Agreement.
 - c) The captain or master shall immediately comply with all reasonable instructions given by the authorized officials, and shall facilitate safe boarding, and facilitate the inspection of the vessel, gear, equipment, records, fish and fish products.

- d) The vessel's captain, master or crew shall not assault, obstruct, resist, delay, refuse boarding, intimidate, or interfere with an authorized official in the performance of duties.
 - e) These officials shall not remain on board for longer than is necessary for the discharge of their duties.
 - f) Once the inspection has been completed, a certificate shall be issued to the master of the vessel.
4. Arrest of fishing vessels:
- a) The Executive Director shall inform the Delegation, within 48 hours, of all arrests and penalties imposed on Community vessels in the FSM EEZ.
 - b) The Delegation shall at the same time receive a brief report of the circumstances and reasons leading to the arrest.
5. Statement of arrest:
- a) After the inspection officer has drawn up a statement, the master of the vessel shall sign it.
 - b) This signature shall not prejudice the rights of the master or any defence which he may make to the alleged infringement.
 - c) The master shall take the vessel to a port designated by the inspection officer. In the case of minor infringements, the Executive Director may authorise the boarded vessel to continue its fishing activities.
6. Consultation meeting in the event of arrest:
- a) Before any measures regarding the master or the crew of the vessel or any action regarding the cargo and equipment of the vessel are considered, other than those to safeguard evidence relating to the presumed infringement, a consultation meeting shall be held, within one working day of the receipt of the above information, between the Delegation and the Executive Director, possibly attended by a representative of the Member State concerned.
 - b) At the meeting, the Parties shall exchange any relevant documentation or information helping to clarify the circumstances of the established facts. The ship-owner or its agent shall be informed of the outcome of the meeting and of any measures resulting from the arrest.
7. Settlement of arrest.
- a) Before any judicial procedure, an attempt shall be made to resolve the presumed infringement through a compromise procedure. This procedure shall end no later than four (4) working days after the arrest.
 - b) In the event of an amicable settlement, the amount of the fine shall be determined in accordance with FSM legislation.

- c) If the case cannot be settled by amicable procedure and has to be brought before a competent judicial body, a bank security set to take account of the arrest costs and the fines and compensation payable by the parties responsible for the infringement shall be paid by the ship-owner into the Account named in Article 2(7) of the Protocol.
- d) The bank security shall be irrevocable until the legal proceedings have been concluded. It shall be released once legal proceedings end without a conviction. Similarly, in the event of a conviction leading to a fine of less than the security lodged, the balance shall be released by the competent judicial body in charge of the legal proceedings.
- e) The vessel shall be released and its crew authorised to leave the port:
 - (1) once the obligations arising under the amicable settlement have been fulfilled; or
 - (2) when the bank security referred to in point 7(c) has been lodged and accepted by the competent judicial body, pending completion of the legal proceedings.

8. Transshipment:

- a) Community vessels wishing to tranship catches in the waters of FSM shall do so within FSM designated ports.
- b) The owners of such vessels must notify the following information to the Executive Director at least 48 hours in advance in accordance to the specimen provided in Appendix 3 (4).
- c) Transshipment shall be considered as an exit from FSM EEZ. Vessels must therefore submit their catch declarations to the Executive Director and state whether they intend to continue fishing or leave the FSM EEZ.
- d) Any transshipment of catches not covered above shall be prohibited in the FSM EEZ. Any person infringing this provision shall be liable to the penalties under the FSM laws.

9. Bunkering.

Where bunkering takes place during a voyage in the FSM, the Community vessels shall report such activity in accordance with the specimen provided in Appendix 3(6).

- 10. Captains of Community fishing vessels engaged in landing or transshipment operations in a FSM port shall allow and facilitate the inspection of such operations by FSM inspectors. Once the inspection has been completed, a certificate shall be issued to the Captain of the vessel.

CHAPTER X

VESSEL MONITORING SYSTEM

1. Each Community vessel shall be required to comply with the regional Vessel Monitoring System (VMS) currently applicable in the FSM EEZ. Each Community vessel shall have installed, maintained, and fully operational at all times on board an automatic location communicator (“ALC”). The vessel and the operator agree not to tamper with, remove or have removed any ALC from the vessel after installation, except for the purposes of maintenance and repair as required. The operator and each vessel shall be responsible for the purchase, maintenance and operational costs of the ALC, and shall cooperate fully with NORMA in its utilization.
2. Point 1 above does not preclude the Parties from considering alternative VMS options.

CHAPTER XI

ENVIRONMENTAL RESPONSIBILITY

1. Community vessels recognize the need to preserve the fragile (marine) environmental conditions of the lagoons and atolls of the FSM and the Community vessels shall not discharge any substance that is likely to cause damage to, or deterioration in, the quality of marine resources.
2. Community vessels shall not discharge fish or by-catch into any port or give away fish or by-catch to any persons or entities without prior written authorization by the appropriate authority in the affected FSM State and prior written approval from NORMA.

CHAPTER XII

OPERATOR LIABILITY

1. The operator shall ensure that its vessels are seaworthy and contain adequate life safety equipment and survival gear for each passenger and member of the crew.
2. For the protection of the FSM, its States, and the citizens and residents thereof, the operator shall maintain adequate and complete insurance coverage on its vessel through an internationally recognized insurance carrier acceptable to NORMA for all areas under the jurisdiction of the FSM, including areas within the lagoons and atolls, the Territorial Sea, submerged reefs, and the EEZ as evidenced by the Certificate of Insurance referred to in Section 1(6)(f) of Chapter 1 of this Annex.
3. In the event a Community vessel is involved in a maritime accident or incident in FSM waters (including internal waters, the Territorial Sea and the EEZ), resulting in damages of any kind to the environment, to property or to any person, the vessel and the operator shall immediately notify NORMA and the FSM Secretary of the Department of Transportation, Communications and Infrastructure.

CHAPTER XIII

APPLICABLE LAWS, RULES AND REGULATIONS

1. The vessel and its operators shall strictly comply with this Annex and with the laws, rules, and regulations of the FSM and its States and international treaties, conventions, and fisheries management agreements to which the FSM is a party. Failure to comply strictly with this Annex and with the laws, rules, and regulations of the FSM and its States may result in substantial fines and other civil and criminal penalties.

APPENDICES

1. Licence Application Forms
 - a. Fishing Permit Application and Registration
 - b. Renewal Permit Application
2. Catch Report Forms
 - a. Purse Seine Logsheets
 - b. Longline Logsheets
3. Report Details



APPLICATION FOR REGISTRATION & PERMIT FOR FOREIGN FISHING VESSELS

Appendix 1a

National Oceanic Resource Management Authority
P.O. Box PS122
Palikir, Pohnpei FM 96941
Federated States of Micronesia

Phone: (691) 320-2700/5181
Fax: (691) 320-2838
Email: norma@mail.fm

INSTRUCTIONS:

- **Applicant MUST sign and date the application; otherwise, not valid.**
- Address means complete mailing address.
- Clearly mark X where appropriate.
- All units in Metrics; specify units if other systems used.
- Affix a recent 6x8 inch color side photo of the vessel to this application, showing Vessel Name and Registration Number.
- Attach a copy of Forum Fisheries Agency (FFA) Regional Register and Vessel Monitoring System (VMS) Certificates.

If this vessel was registered before, specify:

Old Vessel Name _____
Old Registration Number _____
Old International Radio Call Sign _____

Regional Requirements:

FFA Registration Number _____
FFA VMS Registration No. _____
Type of ALC _____

Vessel Identification:

Name of Vessel _____			
Vessel Type: (Select as appropriate)			
Single Purse Seiner <input type="checkbox"/>	Fish Carrier/Reefer <input type="checkbox"/>	Search Boat <input type="checkbox"/>	
Longliner <input type="checkbox"/>	Bunker <input type="checkbox"/>	Other <input type="checkbox"/>	_____ Specify
Pole and Liner <input type="checkbox"/>	Group Purse Seiner <input type="checkbox"/>		
Country of Registration _____		Country of Registration Number _____	
International Radio Call Sign _____			

Vessel Owner:

Name _____
Address _____

Vessel Operator/Charterer:

Name _____
Address _____

Vessel Master:

Name _____
Address _____

Fishing Master:

Name _____
Address _____

Operational Base(s):

Port 1/Country _____
Port 2/Country _____
Port 3/Country _____
Flag/State of Authorized Fishing Area _____

Permit Details:

Select duration of permit as applicable and specify the preferred effective date.

1-year <input type="checkbox"/>	_____
6-months <input type="checkbox"/>	_____
3-months <input type="checkbox"/>	_____
Other (Specify): <input type="checkbox"/>	_____

Vessels Specifications:

Hull Material:	Steel <input type="checkbox"/>	Wood <input type="checkbox"/>	FRP <input type="checkbox"/>	If other, specify _____
Year Built	_____	Gross Tonnage	_____	
Place Built	_____	Overall Length	_____	
Crew Size	_____	Main Engines	Power (specify _____ units)	Fuel Carrying Capacity (kiloliters) _____

Daily Freezing Capacity (Select more than one, if appropriate):

Method		Capacity Metric tons / day	Temperature (c)
Brine (NaCl)	BR <input type="checkbox"/>	_____	_____
Brine (CaCl)	CB <input type="checkbox"/>	_____	_____
Air (Blast)	BF <input type="checkbox"/>	_____	_____
Air (Coils)	RC <input type="checkbox"/>	_____	_____
If other, specify _____		_____	_____

Storage Capacity (more than one, if appropriate):

Method		Capacity Cubic meters	Temperature (c)
Ice	IC <input type="checkbox"/>	_____	_____
Refrigerated Sea Water	RW <input type="checkbox"/>	_____	_____
Brine (NaCl)	BR <input type="checkbox"/>	_____	_____
Brine (CaCl)	CB <input type="checkbox"/>	_____	_____
Air (Coils)	RC <input type="checkbox"/>	_____	_____
If other, specify _____		_____	_____

Complete either A, B, C or D below as appropriate.

A. For Purse Seine Vessels:

Helicopter Reg. No. _____	Net Length (meters) _____
Helicopter Model _____	Net Depth (meters) _____
Support Craft:	
Name 1 _____	Type 1 _____
Name 2 _____	Type 2 _____
Name 3 _____	Type 3 _____

B. For Pole and Line Vessels:

Number of automatic poling devices (0 if none) _____

Bait Storage (more than one, if appropriate)

Circulation Method (x where appropriate)		Capacity Cubic meters
Natural	NN <input type="checkbox"/>	_____
Circulation	CR <input type="checkbox"/>	_____
Refrigerated	RC <input type="checkbox"/>	_____

C. For Longline Vessels:

Average number of baskets _____	Mainline Length Km _____
Average number of hooks per basket _____	
Mainline material _____	

D. For Support Vessels:

Activities (more than one, if appropriate)

Refrigerated Carrier <input type="checkbox"/>	Scouting Boat <input type="checkbox"/>
Anchor Boat <input type="checkbox"/>	Supply/Mothership <input type="checkbox"/>
If other, specify _____	
Fishing Vessel(s) Supported _____	

I declare that the above information is true and complete. I understand, I am required to report any changes to the above information immediately, and further understand that failure to do so may affect good standing on the FFA Regional Register. This application is filed pursuant to:

Agreement Name

Agreement Effective Date

Applicant:

State whether owner, charter or duly agent _____

Applicant Name: _____

Address: _____

Signature _____

Phone: _____

Fax: _____

Email: _____

Date _____



APPLICATION FOR PERMIT RENEWAL FOR FOREIGN FISHING VESSELS

Appendix 1b

National Oceanic Resource Management Authority
P.O. Box PS122
Palikir, Pohnpei FM 96941
Federated States of Micronesia

Phone: (691) 320-2700/5181
Fax: (691) 320-2838
Email: norma@mail.fm

INSTRUCTIONS:

- This application form is applicable **ONLY** to a vessel renewing her fishing permit under the same Fishing Access Agreement from which her first permit (or previous permits) was issued.
- Applicant **MUST** sign and date the application; otherwise, not valid.
- Address means complete mailing address
- Clearly mark the boxes **X** where appropriate.

Regional Requirements:

FFA Registration Number _____

FFA VMS Registration Number _____

Vessel Detail:

Name of Vessel _____ Previous Permit No. _____

Country of Registration (Flag) _____

Flag State Registration Number _____ International Radio Call Sign _____

Vessel Type (Gear):

<input type="checkbox"/> Single Purse Seiner	<input type="checkbox"/> Fish Carrier/Reefer	<input type="checkbox"/> Search Boat
<input type="checkbox"/> Longliner	<input type="checkbox"/> Bunker	<input type="checkbox"/> Other (specify) _____
<input type="checkbox"/> Pole and Liner	<input type="checkbox"/> Group Purse Seiner	

Permit Details: Select the duration of permit as applicable and specify the preferred effective date.

1-year 6-month 3-month

Permit Effective Date _____

I hereby apply to renew permit for the above fishing vessel with National Oceanic Resource Management Authority (NORMA) in the Federated States of Micronesia.

I declare that the above information is true and complete. I understand, I am required to report any changes to the above information immediately, and further understand that failure to do so may affect the validity of my fishing permit and good standing on the FFA Regional Register. This application is filed pursuant to:

_____ Agreement Name

_____ Agreement Effective Date

Applicant:

State whether owner, charter or duly agent _____

Applicant Name: _____

Address: _____

Signature _____

Phone: _____

Fax: _____

Email: _____

Date _____

RECORD THE MAIN ACTIVITY FOR THAT DAY 1 FISHING SET 2 SEARCHING 3 TRANSIT 4 NO FISHING – BREAKDOWN 5 NO FISHING – BAD WEATHER 6 IN PORT – PLEASE SPECIFY 7 NET CLEANING SET	3 DRIFTING LOG, DEBRIS OR DEAD ANIMAL 4 DRIFTING RAFT, FAD OR PAYAO 5 ANCHORED RAFT, FAD OR PAYAO 6 LIVE WHALE 7 LIVE WHALE SHARK 8 OTHER TUNA DISCARD CODES 1 FISH TOO SMALL 2 FISH DAMAGED 3 VESSEL FULLY LOADED 4 OTHER REASON	UNLOADINGS TO CANNERY, COLD STORAGE, CARRIER OR OTHER VESSEL							
	START DATE	END DATE	CANNERY--OR--VESSEL AND DESTINATION	INTERNATIONAL RADIO CALL SIGN	SKIPJACK	YELLOWFIN	BIGEYE	MIXED	
NAME OF CAPTAIN			SIGNATURE OF CAPTAIN			DATE			

Reporting Details

Report to NORMA

Fax: (691) 320-2383, Email: norma@mail.fm**1. Reporting of Entry to the FSM EEZ**

24 hours prior to entering the FSM EEZ

- (a) Report code ZENT
- (b) Vessel Name
- (c) Permit Number
- (d) Date of Entry (dd.mm.yy)
- (e) Time of Entry (GMT)
- (f) Position of Entry
- (g) Total Catch on board
- (i) For Purse Seine, provide catch by weight by species:
- | | |
|-----------|------------------|
| SKIPJACK | (SKJ)____.__(mt) |
| YELLOWFIN | (YFT)____.__(mt) |
| OTHERS | (OTH)____.__(mt) |
- (ii) For Longline, provide catch by number by species:
- | | |
|-----------|------------------|
| YELLOWFIN | (YFT)____.__(mt) |
| BIGEYE | (BET)____.__(mt) |
| ALBACORE | (ALB)____.__(mt) |
| SHARK | (SHK)____.__(mt) |
| OTHERS | (OTH)____.__(mt) |

eg. ZENT/ COSMOS/F031-EUCPS-00000-01/10-5-04/0635Z/1230N; 150E/SKJ: 200;YFT: 90; OTH: 50

2. Reporting of Departure from the FSM EEZ

Immediately upon leaving the fishery limits:

- (a) Report code ZDEP
- (b) Vessel Name
- (c) Permit Number
- (d) Date of Departure (dd.mm.yy)
- (e) Time of Departure (GMT)
- (f) Position of Departure
- (g) Total Catch on board
- (i) For Purse Seine, provide catch by weight by species:
- | | |
|-----------|------------------|
| SKIPJACK | (SKJ)____.__(mt) |
| YELLOWFIN | (YFT)____.__(mt) |
| OTHERS | (OTH)____.__(mt) |
- (ii) For Longline, provide catch by number by species:
- | | |
|-----------|------------------|
| YELLOWFIN | (YFT)____.__(mt) |
| BIGEYE | (BET)____.__(mt) |
| ALBACORE | (ALB)____.__(mt) |
| SHARK | (SHK)____.__(mt) |

- (h) Total Catch made in FSM EEZ by weight or by number (as appropriate) by species (like Catch on Board)
- (i) Total fishing days

eg. ZDEP/ COSMOS/F031-EUCPS-00000-01/20-5-04/0635Z/1300N; 145E/SKJ: 300;YFT: 130; OTH: 80/FSMEEZ; SKJ: 100;YFT: 40;OTH: 30/10

3. Weekly position and catch reporting while within the FSM EEZ.

Every Wednesday at noon time while within the fishery limits after the entry report or the last weekly report in the FSM EEZ.

- (a) Report code WPCR
- (b) Vessel Name
- (c) Permit Number
- (d) Date of Weekly Position (dd.mm.yy)
- (e) Position of WPCR
- (f) Catch since last report
 - (i) For Purse Seine, provide catch by weight by species:

SKIPJACK	(SKJ)____. ____ (mt)
YELLOWFIN	(YFT)____. ____ (mt)
OTHERS	(OTH)____. ____ (mt)
 - (ii) For Longline, provide catch by number by species:

YELLOWFIN	(YFT)____. ____ (mt)
BIGEYE	(BET)____. ____ (mt)
ALBACORE	(ALB)____. ____ (mt)
SHARK	(SHK)____. ____ (mt)
OTHERS	(OTH)____. ____ (mt)
- (g) Number of fishing days during the week

eg. WPCR/COSMOC/F031-EUCPS-00000-01/12-5-04/0530N; 14819E/SKJ: 200;YFT: 90;OTH: 50/10

4. Port Departure

Immediately after leaving port.

- (a) Report code PDEP
- (b) Vessel Name
- (c) Permit Number
- (d) Date of Departure (dd.mm.yy)
- (e) Time of Departure (GMT)
- (f) Port of Departure
- (g) Total Catch on board
 - (i) For Purse Seine, provide catch by weight by species:

SKIPJACK	(SKJ)____. ____ (mt)
YELLOWFIN	(YFT)____. ____ (mt)
OTHERS	(OTH)____. ____ (mt)
 - (ii) For Longline, provide catch by number by species:

YELLOWFIN	(YFT)____. ____ (mt)
BIGEYE	(BET)____. ____ (mt)
ALBACORE	(ALB)____. ____ (mt)

		SHARK	(SHK)____.____(mt)
		OTHERS	(OTH)____.____(mt)
(h)	Next destination	Pohnpei	

eg. PDEP/ COSMOS/F031-EUCPS-00000-01/23-5-04/0635Z/Pohnpei/SKJ:0; YFT:0; OTH:0

5. Bunkering Activity Report

Immediately after refueling from a licensed tanker.

(a)	Report code	BUNK
(b)	Vessel Name	COSMOS
(c)	Permit Number	F031-EUCPS-0000-01
(d)	Starting date and time of bunkering (GMT) DD-MM-YY: hhmm	
(e)	Starting position of bunkering	
(f)	Amount of fuel received in kl	
(g)	Ending date and time of bunkering (GMT)	
(h)	Ending position of bunkering	
(i)	Name of tanker	KIM

eg. BUNK/ COSMOS/F031-EUCPS-00000-01/10-5-04/0635Z/1230N; 150E/160/10-5-04/1130N; 145E/KIM

6. Transshipment Activity Report

Immediately after transshipping at an authorized port in FSM to a licensed carrier vessel.

(a)	Report code	PNOT
(b)	Vessel Name	COSMOS
(c)	Permit Number	F031-EUCPS-0000-01
(d)	Date of Discharge (DD-MM-YY)	
(e)	Port of Discharge	
(f)	Transshipped Catch	
	(i) For Purse Seine, provide catch by weight by species:	
		SKIPJACK (SKJ)____.____(mt)
		YELLOWFIN (YFT)____.____(mt)
		OTHERS (OTH)____.____(mt)
	(ii) For Longline, provide catch by number by species:	
		YELLOWFIN (YFT)____.____(mt)
		BIGEYE (BET)____.____(mt)
		ALBACORE (ALB)____.____(mt)
		SHARK (SHK)____.____(mt)
		OTHERS (OTH)____.____(mt)
(g)	Name of carrier	KIN
(h)	Destination of catch	JAPAN

eg. PNOT/ COSMOS/F031-EUCPS-00000-01/10-5-04/PAGO PAGO/SKJ: 200;YFT: 90; OTH: 50/KIN/JP

LEGISLATIVE FINANCIAL STATEMENT

1. NAME OF THE PROPOSAL:

Proposal for a Council Regulation on the conclusion of the Partnership Agreement between the European Community and the Federated States of Micronesia on fishing in the Federated States of Micronesia (FSM).

2. ABM / ABB FRAMEWORK

11. Fisheries

1103. International Fisheries Agreements

3. BUDGET LINES

3.1 *Budget lines (operational lines and related technical and administrative assistance lines (ex- B.A lines)) including headings:*

110301: "International Fisheries Agreements"

11010404: "International Fisheries Agreements, administrative expenditure".

3.2 *Duration of the action and of the financial impact:*

The Agreement has been concluded for an initial period of 9 years. It shall be automatically renewable for additional period of three years unless it is denounced by one of the two Parties.

The Protocol, which contains the provisions on fishing possibilities and the financial contribution, has been concluded for a period of 3 years starting from entry into force.

3.3 *Budgetary characteristics (add rows if necessary):*

Budget line	Type of expenditure		New	EFTA contribution	Contributions from applicant countries	Heading in financial perspective
11.0301	Comp	Diff ⁴ /	NO	NO	NO	No 4
11.010404	Comp	Non-diff ⁵	NO	NO	NO	No 4

⁴ Differentiated appropriations.

⁵ Non-differentiated appropriations hereafter referred to as NDA.

4. SUMMARY OF RESOURCES

4.1 Financial Resources

4.1.1 Summary of commitment appropriations (CA) and payment appropriations (PA)

EUR million (to 3 decimal places)

Expenditure type	Section no.		Min. Max.	Year n	n + 1	N + 2	n + 3	n + 4 and later	Total
------------------	-------------	--	--------------	-----------	-------	-------	-------	-----------------------	-------

Operational expenditure⁶

Commitment Appropriations (CA) ⁷	8.1	a	Min.	0.559	0.559	0.559	--	--	1.677
			Max.	1.677	1.807	1.807			5.291
Payment Appropriations (PA) ⁷		b	Min.	0.559	0.559	0.559	--	--	1.677
			Max.	1.677	1.807	1.807			5.291

Administrative expenditure within reference amount⁸

Technical & administrative assistance (NDA)	8.2.4	c		--	--	0.040	--	--	0.040
---	-------	---	--	----	----	-------	----	----	-------

TOTAL REFERENCE AMOUNT

Commitment Appropriations		A+c	Min.	0.559	0.559	0.599	--	--	1.717
			Max.	1.677	1.807	1.847			5.331
Payment Appropriations		B+c	Min.	0.559	0.559	0.599	--	--	1.717
			Max.	1.677	1.807	1.847			5.331

Administrative expenditure not included in reference amount⁹

Human resources and associated expenditure (NDA)	8.2.5	d		0.065	0.065	0.065	--	--	0.195
Administrative costs, other than human resources and associated costs, not included in reference amount (NDA)	8.2.6	e		0.012	0.012	0.012	--	--	0.036

⁶ Expenditure that does not fall under Chapter 11 01 01 of the Title 11 concerned.

⁷ The financial contribution for tuna fishing is € 559.000 per year and covers a volume of 8 600 tons of catches. If the volume of annual catches exceeds that quantity, the amount of financial contribution is increased proportionately at the rate of € 65/ton, but it may not exceed € 1 677 000 per year. Starting from year 2, these amounts could be increased by € 65 000 for each additional purse seine vessel (see Art. 1.3 and Art. 2.3 of the Protocol). It may be estimated that, overall, the increase of fishing possibilities for purse seine vessels is limited to a maximum of 2 units.

⁸ Expenditure within article 11 01 04 of Title 11.

⁹ Expenditure within chapter 11 01 other than articles 11 01 04.

Total indicative financial cost of intervention

TOTAL CA including cost of Human Resources		A+c +d+ e	Min.	0.636	0.636	0.676	--	--	1.948
			Max.	1.754	1.884	1.924			5.562
TOTAL PA including cost of Human Resources		B+c +d+ e	Min.	0.636	0.636	0.676	--	--	1.948
			Max.	1.754	1.884	1.924			5.562

Co-financing details

EUR million (to 3 decimal places)

Co-financing body		Min. Max	Year n	n + 1	n + 2	n + 3	n + 4 and later	Total
.....	f							
TOTAL CA including co-financing	a+c +d +e+ f							

4.1.2 Compatibility with Financial Programming

- Proposal is compatible with existing financial programming.
- Proposal will entail reprogramming of the relevant heading in the financial perspective.
- Proposal may require application of the provisions of the Interinstitutional Agreement¹⁰ (i.e. flexibility instrument or revision of the financial perspective).

4.1.3 Financial impact on Revenue

- Proposal has no financial implications on revenue
- Proposal has financial impact – the effect on revenue is as follows:

NB: All details and observations relating to the method of calculating the effect on revenue should be shown in a separate annex.

EUR million (to one decimal place)

	Prior to	
--	----------	--

¹⁰ See points 19 and 24 of the Interinstitutional agreement.

Budget line	Revenue	action [Year n-1]	[Year n]	[n+1]	[n+2]	[n+3]	[n+4]	[n+5] ¹¹
	a) Revenue in absolute terms							
	b) Change in revenue	Δ						

(Please specify each revenue budget line involved, adding the appropriate number of rows to the table if there is an effect on more than one budget line.)

4.2 Human Resources FTE (including officials, temporary and external staff) – see detail under point 8.2.1.

Annual requirements	Year n	n + 1	n + 2	n + 3	N + 4	n + 5 and later
Total number of human resources	0.6	0.6	0.6			

5. CHARACTERISTICS AND OBJECTIVES

Details of the context of the proposal are required in the Explanatory Memorandum. This section of the Legislative Financial Statement should include the following specific complementary information:

5.1. Need to be met in the short or long term

The need of this new bilateral fishery Agreement lies in the necessity to allow Community vessels to obtain fishing rights for purse seine vessels and surface long-liners in the Federated States of Micronesia's fishing zone, exclusively for tuna and tuna-like species.

Further to the entry into force of the EC/Kiribati Fishery Agreement in September 2003, this new Agreement extends and consolidates the fishing possibilities of the EC industrial tuna fleet in Central West Pacific. The idea of a network of tuna Agreements is essential for the consolidation of a fishery that, for its own nature, depends on the seasonal migration of the stocks concerned. In this context, it must be indicated that, in parallel to the new Federates States of Micronesia Agreement, the Commission has concluded, still in the Pacific area, another tuna agreement with the Solomon Islands which is currently the object of a separate adoption procedure.

As the presence of EC tuna vessels in the region is recent and relatively modest in number, the Agreements negotiated with the FSM will permit to consolidate the presence of the EC fleet in Central West Pacific and open serious perspectives for the

¹¹ Additional columns should be added if necessary i.e. if the duration of the action exceeds 6 years

development of the European tuna fishing industry in the Pacific, which is the most important tuna fishing zone in the world.

The access of EC tuna vessels to the Central West Pacific, in the full respect of regional and multilateral provisions for the conservation and sound management of the local fishery resources, is a key element for the long-term preservation of the world leadership position of the EC tuna fishing industry.

Furthermore, the financial contribution paid by the Community, in conjunction with the licence fees paid by ship-owners, constitutes an important source of revenues for the FSM Government.

In addition, the Agreement is going to generate an economic impact on the FSM's fishery sector, mainly through the implementation of the partnership approach, and, more generally, on the economic development of the country at large.

5.2 *Value-added of Community involvement and coherence of the proposal with other financial instruments and possible synergy*

Fisheries agreements were concluded by the Community following changes to the Law of the Sea in the seventies. Member States agreed, in a Council Resolution of 3 November 1976, to transfer their competence in this domain to the Community and therefore fisheries agreement fall completely under the Community exclusive competence.

As stated in its Communication on the CFP reform¹² and in the Communication on Fisheries Partnerships Agreements, it essential that an improved policy concerning the fisheries agreements is established together with all partners, private and public, within the Community. This is a major step to reconfirm the commitment of the Community to contribute to the sustainable development of fishing activities at the international level.

This position was endorsed in 2003 by the European Parliament and in 2004 by the Council of Ministers.

The Community is therefore proposing to establish a new type of fisheries agreements (Fisheries Partnership Agreements) in order to strengthen co-operation and to ensure the implementation of a sustainable fisheries policy and a rational and responsible exploitation of the resources in the mutual interest of the Parties concerned. In order to allow the European long distant waters fishing fleet to consolidate its role the sustainable exploitation of global fishing stocks must be ensured.

As far as the proposed fisheries partnership agreement with FSM is concerned, the Community considers that such an agreement is the only solution:

- to promote sustainable fisheries activities and provide a binding framework for all concerned parties, i.e. the Community, its Member states, the European operators and the third country to attain this objective and,

¹² COM(2002) 181 final of 28 May 2002.

- to protect and develop European fishing activities within these waters and to enhance their political and socio-economic impact both in Europe and in the FSM Islands.

Furthermore, in order to reinforce the notion of a binding framework for all concerned parties, the Agreement contains an “exclusivity clause” that does not allow EC fishing vessels to fish in FSM’s waters outside the Agreement’s legal framework.

During the whole process of negotiation, the Commission took account of the situation in FSM and the agreement will be implemented by both parties taking duly account of the development and environmental objectives of FSM.

5.3 *Objectives, expected results and related indicators of the proposal in the context of the ABM framework*

The negotiation and conclusion of fishery agreements with third countries responds to the general objective to maintain and safeguard traditional fishing activities of the EC fleet, including long distance fishing, and to develop partnership relations in view of enhancing sustainable exploitation of fisheries resources outside Community waters, while taking account broader environmental, economic and social concerns.

The objective of the EC/FSM Agreement is to guarantee the access of 6 purse seine vessels and 12 surface long-liners to the FSM fishing zone for fishing exclusively tuna and tuna-like species. In conjunction with this objective, the Agreement aims at enhancing responsible fishing and the sustainable exploitation of fisheries resources in FSM fishing zone.

Expected catches for the entire fleet are estimated at 8600 tons of tuna per year. The relative financial contribution is fixed at 559.000 euros per year. However, in case of annual catches exceeding 8600 tons, the Community will pay 65 euros per ton for each additional ton. In any case, the overall Community payment cannot exceed 1.677.000 euros per year.

18% of the financial contribution (approximately 100.000 euros per year) will be allocated to enhancing responsible fishing in FSM waters (art. 5 of the Protocol)

The following indicators will be used in the context of the ABM framework to monitor the implementation of the agreement:

- rate of utilisation of the fishing possibilities;
- catch data and commercial value of the agreement;
- contribution to employment and value added in the EC;
- contribution to Community market stabilization;
- contribution towards overall poverty reduction in FSM, including contribution to employment and infrastructure development in FSM and support to the State budget;

- number and type of concrete results expected through the use of the percentage of the financial contribution allocated to enhancing responsible fishing in FSM's fishing zone (art. 5 of the Protocol);
- number of Joint Committee meetings and of technical meetings;
- number of missions.

5.4 ***Method of Implementation (indicative)***

Show below the method(s)¹³ chosen for the implementation of the action.

Centralised Management

Directly by the Commission

Indirectly by delegation to:

Executive Agencies

Bodies set up by the Communities as referred to in art. 185 of the Financial Regulation

National public-sector bodies/bodies with public-service mission

Shared or decentralised management

With Member states

With Third countries

Joint management with international organisations (please specify)

Relevant comments:

6. MONITORING AND EVALUATION

6.1 ***Monitoring system***

Continuous monitoring by the Commission is foreseen for the Agreement. The Commission is solely responsible for implementing the Agreement and will do so through its officials posted both in Brussels and in its Delegation in Fiji (responsible also for FSM).

The licence application by EC ship-owners is closely followed by the competent Commission's services. Data on actual catches are regularly collected.

¹³ If more than one method is indicated please provide additional details in the "Relevant comments" section of this point

The implementation of the partnership approach and the use of the share of the financial contribution allocated to it will be managed in the light of objectives identified by mutual agreement between the two parties and the annual and multi-annual programming to attain them. For such purposes, the EC and FSM shall agree, within the Joint Committee, on a multi-annual sectoral programme and detailed implementing rules including criteria and procedures for evaluating the results obtained each year.

As a general rule, from the entry into force of the Agreement, the competent Commission services will collect the appropriate information allowing the verification and follow up of the indicators listed at the above point 5.3.

6.2 *Evaluation*

6.2.1 *Ex-ante evaluation*

An ex-ante evaluation has been carried out between July and August 2004 with the assistance of an independent consortium of consultants. The full evaluation will be made available on the DG FISH web site.

The main elements of the impact assessment have been studied on the basis of a number of possible scenarios¹⁴ to determine the range of possible economic, social and environmental impacts.

When considering the financial and economic impacts of the 3 different scenarios, summary ranges for the three scenarios are provided below:

Summary ranges of scenario impacts (annual average)

Item	Range
Total EC value-added (Euro)	570,679 – 1,141,357
Total FSM value-added/licence fees (Euro)	152,708 – 305,415
Total EC Employment (No.)	21 – 42
Total FSM employment (No.)	1 – 1.9
Fleet catches (tonnes)	3,806 – 7,612
Compensation (Euro)	559,000 – 602,333
Catch value (Euro)	2.9 – 5.9 million
Compensation as % of catch value (%)	10 – 19
Cost advantage for the EC (ratio)	1.02 – 1.89
Net EC benefit (Euro)	11,679 – 539,024
EC cost of compensation per tonne of fish (Euro)	79 – 147
FSM net benefit (Euro)	705,633 – 895,598

¹⁴ The assumptions of the three scenarios are reported in Appendix 1.

After tax profits for fishers (Euro)	81,143 – 162,285
Profit to fishers as % of catch value (%)	2.8 – 2.9

Scenario 2, which assumes an uptake of the FPA by 4 longliners and an increasing number of purse seiners from 4 in year 1, to 6 in year 2, and to 8 in year 3, is on balance the most advantageous for the Community. It provides the greatest levels of EU employment, the most cost effective scenario from the perspective of the Community (with a cost advantage ratio of 1.9), the greatest absolute value of net Community benefits (Euro 539,024), and the lowest cost per tonne of fish caught (Euro 79), the highest total value-added for the Community (Euro 1,141,357), and compensation as a percentage of catch value is lowest at 10%. Scenario 2 also provides the greatest post-tax profits to Community fishers (Euro 162,285). On balance, scenario 2 is also the most advantageous for the FSM creating the greatest net benefits (Euro 895,598).

All scenarios result in net benefits for FSM, and after-tax profits for Community fishers. All three scenarios indicate that value-added created in the EU is 3-4 times that created in FSM, and little employment is created in FSM. But, mitigating against that in terms of equity, is that under all scenarios net benefits to FSM are greater than those for the EC.

Under all three scenarios, the purse seine fleet provides the major share of benefits to the Community, Community fishers and FSM. The longline fleet only provides benefits greater than the purse seine fleet with regards to downstream value-added and employment in the Community, due to swordfish catches being sold in the EU. Licence fees are 1.1% of catch value for longliners, and 4.7% of catch value for purse seiners. Importantly, under all three scenarios, longline profitability appears to be marginal, and this could precipitate either a switch to tuna longlining (not considered very likely due to there being little albacore in FSM), or a lack of interest by longliners in the FPA (considered more likely).

In terms of social impacts, the FPA is expected to create few impacts in either FSM or the EC in terms of food security or human capital. Impacts on social capital will not be significant in the EU, but compensation paid by the EU could have an impact on social capital in FSM, if used to support improved policy and management of tuna resources. Such improvements would be associated with improved social capital, and given the significant national level of fishery dependency, would lead to improvements in the social welfare of the general population. Some local employment benefits are also expected from transshipment and servicing of EU vessels. Natural capital impacts under all scenarios are not significant, while financial capital in FSM will be enhanced by the financial compensation flowing into the national treasury and by small amounts of fees for transshipment and servicing, and potentially for EC fishers by increasing the flexibility of their fishing strategy. No significant impacts on physical capital are expected under any scenario.

In terms of environmental impacts, no significant negative impacts are expected under any scenarios; the level of EU vessel activity for both purse seining and longlining is very small in comparison to regional vessel numbers totals, and it is these regional totals that are expected to have an impact on the status of both target and bycatch species, given that they are also regional in nature. However it should be noted that

overall, the net change of the FPA in the waters of FSM depends largely on whether the FPA vessels represent a replacement for the existing fishing operations, or are in addition to existing operations in the region.

6.2.2 *Measures taken following an intermediate/ex-post evaluation (lessons learned from similar experiences in the past)*

The proposed Agreement with FSM is the first one with this country and, consequently, experience from interim or ex post evaluation of this specific Agreement is not yet available.

Even though a similar Agreement with the Republic of Kiribati entered into force in September 2003, it is too early to draw lessons from its implementation and experience.

Nevertheless, historical statistical data on catches from other long distance fleets (mainly US, Japan, Korea and Taiwan) have been taken into account. All such data, confirmed by EC ship-owners and supported by specialised scientific bodies, indicate that, in terms of catches, FSM fishing zone offers one of the best fishing grounds in the region.

The EC fishing effort in the FSM is compatible with all the regional provisions applicable for the conservation and management of tuna resources (FFA Minimum Terms and Conditions, Palau Arrangement for the Management of the Western Pacific Purse seine Fishery). In addition, as regards conservation measures, several scientific studies and institutions confirm that the status of tuna stocks, particularly for skipjack and yellowfin – the bulk of industrial tuna fishing in Central West Pacific -, is good therefore that an increase of the fishing effort is admissible.

6.2.3 *Terms and frequency of future evaluation*

Before the Protocol is renewed the entire period which it covers will be evaluated (ex-post assessment), measuring indicators relating to results (catches, values of catches) and impact (number of jobs created and maintained, relation between the cost of the Protocol and the value of catches).

The indicators listed under the above point 5.3 will be used to perform the ex post evaluation.

7. ANTI-FRAUD MEASURES

Fishery Agreements are commercial agreements with a financial contribution paid in exchange for fishing rights in the waters of third countries. This contribution is complemented by the licence fees paid by the EC ship-owners authorised to fish in the framework of the Agreement.

The way such a contribution is used depends exclusively on the responsibility of the third country, which has negotiated the agreement with the Community as a sovereign state. In most cases, a part of the financial contribution is used to finance activities for improving or supporting the fishery policy of the concerned country.

In this case, the programming of the activities, their implementation and the information about the results on their implementation to be provided to the Commission remain within the exclusive competence of the third country. Nonetheless, the Commission invites the third country to establish a permanent political dialogue with its services in order to improve the management of the Agreement and strengthen the Community's contribution to the management of fishing resources.

In the context of the new Fishery Partnership Agreements (FPA) it is foreseen that the Commission and the third country fix, by mutual agreement, the goals to be attained through the use of a part of the financial contribution allocated to this end. At the same time, both Parties will establish an annual and multi-annual programming for the pursuit of those goals.

In the event that the implementation of the programme does not correspond to the level of resources fixed by the Protocol to this end, the Commission could ask for a reduction of the percentage of the financial contribution used in the context of the agreed programme.

In any case, every payment realised by the Commission in the context of the fishery Agreement is subject to the normal Commission's budgetary rules and procedures. This fact allows, in particular, to identify the bank accounts of the third country where the amounts of the financial contribution are paid.

When it is specifically established by the Protocol, the Commission analyses in a detailed manner the activities benefiting of a specific financial support (part of the financial contribution) both in respect of the agreed programme and in respect of the implementation results as reported by the specific report provided by the third country to the Commission. However, in respect of the principle of national sovereignty, the Commission cannot carry out (directly or indirectly), by its own initiative, a financial audit concerning the financial contribution paid to third countries.

8. DETAILS OF RESOURCES

8.1 Objectives of the proposal in terms of their financial cost

Commitment appropriations in EUR million (to 3 decimal places)

(Headings of Objectives, actions and outputs should be provided)	Type of output	Action	Year n		Year n+1		Year n+2		Year n+3 and later		TOTAL	
			No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost	No. outputs	Total cost
OPERATIONAL OBJECTIVE No. 1 ¹⁵ . Fishing opportunities in exchange for a financial compensation												
Action 1												
- Output 1	Min. Reference tonnage		8600 tons	0.459	8600 tons	0.459	8600 tons	0.459			25.800 tons	1.377
	Max reference tonnage		25.800 tons	1.577	25.800 tons	1.577	25.800 tons	1.577			77.400 tons	4.731
- Output 2	Additional fishing poss. for purse seine vessels (eventual)		-	-	2 purse seine vessels	0.130	2 purse seine vessels	0.130			4 purse seine vessels	0.260
Sub-total Objective 1												
OPERATIONAL OBJECTIVE No.2 Enhancing responsible fishing in FSM												
Action 1												
- Output 1	Allocation of 18% of the min. financial contribution to enhancing responsible fishing		18% min. financial contribution	0.100	18% min. financial	0.100	18% min. financial	0.100			18% min. financial contribution	0.300
TOTAL COST			Min 0.559 Max. 1.677		Min. 0.559 Max. 1.807		Min.0.559 Max. 1.807				Min. Max.	1.677 5.291

¹⁵ As described under Section 5.3.

8.2 Administrative Expenditure

8.2.1 Number and type of human resources

Types of post		Staff to be assigned to management of the action using existing and/or additional resources (number of posts/FTEs)					
		Year n	Year n+1	Year n+2	Year n+3	Year n+4	Year n+5
Officials or temporary staff ¹⁶ (XX 01 01)	A*/AD	0.3	0.3	0.3	-		
	B*, C*/AST	0.3	0.3	0.3	-		
Staff financed ¹⁷ by art. XX 01 02		-	-	-	-		
Other staff ¹⁸ financed by art. XX 01 04/05		-	-	-	-		
TOTAL		0.6	0.6	0.6	-		

8.2.2 Description of tasks deriving from the action

- Assist the negotiator in preparing and conducting the negotiations of the fisheries agreements:
 - Participate in negotiations with third countries to conclude fisheries agreements.
 - Prepare Draft Assessment Reports and Strategy notes for the Commissioner.
 - Present and defend the positions of the Commission in the external working group of the Council.
 - Participate in finding compromises with the Member States and reflect these in the final text of the Agreements.
- Monitoring of the agreements:
 - Day to day follow-up of the fisheries agreements.
 - Prepare and check the commitments and the payment orders of the financial compensations and of the targeted actions
 - Regular reporting of the implementation of the agreements.

¹⁶ Cost of which is NOT covered by the reference amount.

¹⁷ Cost of which is NOT covered by the reference amount.

¹⁸ Cost of which is included within the reference amount.

- Evaluation of the agreements - scientific and technical aspects
- Policy design:
 - Prepare draft Regulations and Decisions of the Council. Elaborate text of the agreements.
 - Launch and follow up the approval procedures.
- Technical assistance:
 - Prepare the Commission position in view of Joint Committees.
- Institutional Relations:
 - Represent the Commission before the Council, European Parliament and Member States in the context of the negotiation process.
 - Drafting of replies to written and oral Parliamentary questions ...
- Inter-service co-ordination and consultation:
 - Liaise with other Directorates General in matters concerning the negotiations and the follow-up of the agreements.
 - Carry out and respond to inter-service consultations.
- Evaluation:
 - Participate in the various evaluation exercises (ex-ante, mid-term, ex-post) and impact assessments.
 - Analyse the attainment of objectives and quantified indicators.

8.2.3 Sources of human resources (statutory)

(When more than one source is stated, please indicate the number of posts originating from each of the sources)

- Posts currently allocated to the management of the programme to be replaced or extended
- Posts pre-allocated within the APS/PDB exercise for year n
- Posts to be requested in the next APS/PDB procedure
- Posts to be redeployed using existing resources within the managing service (internal redeployment)
- Posts required for year n although not foreseen in the APS/PDB exercise of the year in question

8.2.4 *Other Administrative expenditure included in reference amount (XX 01 04/05 – Expenditure on administrative management)*

EUR million (to 3 decimal places)

Budget line (11 01 04 04, Heading 4)	Year n	Year n+1	Year n+2	Year n+3	Year n+4	Year n+5 and later	TOTAL
1 Technical and administrative assistance (including related staff costs)							
Executive agencies ¹⁹							
Other technical and administrative assistance							
- <i>intra muros</i>							
- <i>extra muros</i>			0.040				0.040
Total Technical and administrative assistance			0.040				0.040

8.2.5 *Financial cost of human resources and associated costs not included in the reference amount*

EUR million (to 3 decimal places)

Type of human resources	Year n	Year n+1	Year n+2	Year n+3	Year n+4	Year n+5 and later
Officials and temporary staff (XX 01 01)						
Staff financed by Art XX 01 02 (auxiliary, END, contract staff, etc.) (specify budget line)						
Total cost of Human Resources and associated costs (NOT in reference amount)						

Calculation– *Officials and Temporary agents*

Reference should be made to Point 8.2.1, if applicable

$$1A = € 108.000 * 0.3 = € 32 400$$

$$1B = € 108.000 * 0.15 = € 16 200$$

¹⁹ Reference should be made to the specific legislative financial statement for the Executive Agency(ies) concerned.

1C = € 108.000* 0.15 = € 16 200

Total: € 64 800 per year (EUR million: 0.065 per year)

Calculation– **Staff financed under art. XX 01 02**

Reference should be made to Point 8.2.1, if applicable

8.2.6 Other administrative expenditure not included in reference amount

EUR million (to 3 decimal places)

	Year n	Year n+1	Year n+2	Year n+3	Year n+4	TOTAL
XX 01 02 11 01 – Missions	0.010	0.010	0.010			0.030
XX 01 02 11 02 – Meetings & Conferences	0.002	0.002	0.002			0.006
XX 01 02 11 03 – Committees ²⁰						
XX 01 02 11 04 – Studies & consultations						
XX 01 02 11 05 - Information systems						
2 Total Other Management Expenditure (XX 01 02 11)						
3 Other expenditure of an administrative nature (specify including reference to budget line)						
Total Administrative expenditure, other than human resources and associated costs (NOT included in reference amount)	0.012	0.012	0.012			0.036

Calculation - **Other administrative expenditure not included in reference amount**

²⁰ Specify the type of committee and the group to which it belongs.

Appendix 1

EC/FSM FISHERY AGREEMENT

Ex-ante Evaluation - Scenarios and relative assumptions

Three scenarios are identified for analysis of their relative impacts, costs and benefits.

The first scenario is based on a limited uptake of licenses, based on vessel numbers believed to be currently operating (August 2004) in the region under the Kiribati FPA i.e. 3 purse seiners and 2 long liners.

The second scenario is based on an uptake of purse seine licences of 4 in year 1, 6 in year 2 and 8 in year 3 (as provided for in the protocol), but a limited uptake of 4 long-line licences, as greater uptake is not considered likely within the first three years of the FPA (based on interviews with long-line vessel owners and ORPAGU, September 2004).

Finally, given the fact that targeted swordfish long-lining is even more unlikely to be profitable in FSM than in the Solomons, a third scenario is presented with purse seine numbers as per scenario 2, but with long-liners choosing not to utilize the FPA at all once/if they find that catches of swordfish are not sufficient to ensure profitability. Vessel owners have reported (interviews, September 2004) that they would consider switching to tuna long-lining for the albacore/yellowfin sashimi market, and that they already know that swordfish catches in more northern waters are not good. However, such a switch is not considered very likely given that a) there is little albacore in FSM, and b) vessel owners have also reported that they would be less interested in the FPA if they had to switch to tuna long-lining (September 2004). We therefore assume in scenario 3 that they would continue to target swordfish but in more southern waters.

Details on each of the three scenarios, and the main assumptions, are provided below. All scenarios are based on the three-year period of the FPA, and in all scenarios, the vessel operator pays the licence fees. Also applicable to all scenarios are the following assumptions:

1. Purse seine dependency is estimated at 25% of total catches based on interviews with the industry (September 2004). Long line dependency in scenario 1 and 2 is estimated at 10% - less than the estimated figure of around 30% given by vessel owners (September 2004). Swordfish catches are likely to be low in FSM, and the only commercial targeting of swordfish that we have previously been aware of is south of the Fiji/Tonga zones in the cooler surface waters. In addition, informal discussions on this issue have been held with the former head of the SPC tuna programme, an individual who managed the industrial fisheries in FSM for 9 years, and other experts on long-lining in the region, who all report that swordfish fishing in FSM/Solomons is not viable (Pers. Comm. between Gillett et al, 2004). There is therefore a question-mark about whether in the more equatorial waters (Solomons/Kiribati/FSM), targeting swordfish would be economically feasible, especially given the relatively high costs of running EU vessels, compared to Asian ones. It should also be noted that an El Nino event could severely affect the dependencies of all EU vessels on different regions and the need to make uncharacteristic moves in fishing grounds. Given the sensitivity of the scenarios to dependency assumptions, the ex-post evaluation will need to critically evaluate actual dependency. At the present time we can only base our assumptions on industry reaction, overall catch rates in the region, and informed opinion - we are not in a position to provide firm quantification of the extent to which purse seine vessels

may remain in the western or eastern Pacific, or move between the two, or the extent to which swordfish vessels will be able to fish in more northern waters.

2. Long-liners currently operating in Kiritbati are targeting swordfish and report that they are making money doing so²¹. Catch mix is reported to be 50% swordfish, 20% marlin, 20% shark species defined in the log book as “jaqueton, marrajo and quella”, 9% yellowfin, and 1% other (Industry interviews, September 2004). However they report they could switch to sashimi/albacore tuna if prices or catches of swordfish drop, but that this would decrease their interest in the FPA. FSM catches have historically not shown significant catches of swordfish or marlin, but the extent to which this is because there is little of these species there, and the what extent to which it is because you need different bait to catch swordfish and marlin (squid) compared to tuna, and need to fish at different levels, is not known. If viability of targeted swordfishing proves to be questionable then vessels may chose not to utilize the FPA, rather than switching to tuna (scenario 3). However, for the purpose of scenarios 1 and 2, catch mix (based on interviews (September 2004)) is taken as being the same as the total catch mix suggested above, not necessarily the catch mix likely in the FSM zone, as lower abundance of target species is assumed to lower the dependency/utilization of the FPA, rather than to result in a different species mix.
3. Purse seine catch mix in FSM is 90.5% skipjack, yellowfin 8.7%, bigeye 0.8%. The Western Pacific as a whole typically has an average species mix of around 15% yellowfin, 85% skipjack, with a small proportion of bigeye. Catch mix is therefore assumed as the mid-point between the current species mix and that for the Western Pacific as a whole, with 11.5% yellowfin, 1% bigeye and 87.5% skipjack.
4. For upstream EC value-added impacts, while it is possible that during the course of the three-year FPA one or two vessels may return to the EU, the frequency of such visits is likely to be very rare. However, some specialty foods and spare parts may be sourced from the EU by both purse seiners and long-liners, and long-line bait and packaging (as confirmed by interviews) is bought and transported from the EU. Other fishing inputs of EU crew, insurance, depreciation and financing, also come from the EU for both purse seiners and long-liners (interviews, September 2004). Upstream value-added in the EU is therefore included for bait and packaging (for long-liners) and for insurance, depreciation and financing (for all vessels).
5. Upstream EC employment impacts. The IFRMER study used in the Cape Verde and Sao Tome and Principe evaluations to estimate multiplier effects estimates 20 upstream jobs for every one long-line vessel and 22 jobs for every one purse seine vessel. In the Sao Tome and Principe evaluation, long-line costs incurred in the EU are around 50% of the sales value of catches and 68% of total costs, while for purse

²¹ Local vessel agents in Fiji reported as part of interviews conducted during the evaluation that profitability may be artificially enhanced because of subsidization by a Spanish oceanographic institute (Pers. Comm.). This subsidy is intended to compensate the losses of the vessel as they are doing a spatial survey for the "IEO" Spanish Institute of Oceanography, and they don't move to the higher stock densities for fishing, but to the survey areas indicated by the scientific researcher on board. In addition, they are using different kind of hooks under the supervision of the researcher, so they can not fish continuously as they are experimenting with different fishing gears. Thus the subsidized input is intended to compensate for the opportunity costs of the scientific survey and biological sampling. The subsidy is calculated so as not to generate extra costs or benefits for the fishing vessel.

seiners EU costs are 38% of sales values and 46% of total costs. Calculations for the EU long-liners to operate in FSM show that EU costs are 28% of sales values and 34% of total costs i.e. roughly half in each case, so we assume that 10 jobs upstream are created for every one long-line vessel. Calculations for the EU purse seiners to operate in FSM show that EU costs are 19% of sales values and 24% of total costs i.e. again roughly half in each case, so we assume that 11 jobs upstream are created for every one purse seine vessel

6. Upstream FSM impacts. Interviews with vessel owners (September 2004) revealed that vessels are unlikely to use FSM as a base for their fishing operations. It is unlikely therefore that EU vessels will purchase any fishing inputs in the FSM, and so the assumption made is that there will be no upstream value-added or employment in FSM.
7. FSM vessel crew employment. It is assumed that one national from FSM will be recruited for a period of one fishing season (3 months).
8. Downstream impacts. It is impossible within the scope of this ex-ante evaluation and impact assessment to provide an accurate assessment of what the EU vessels are likely to do in terms of transshipment, offloading, grading, and/or processing in the FSM and the EU. However, with respect to processing of purse seine caught fish, FSM-caught fish is not sold to any French tuna canneries in the region, and is unlikely to be sold in FSM. Unless there are some marketing arrangements that we are not aware of (e.g. requirements of a loan to sell fish to a European canner), then it is likely that the fish would be sent to a cannery in Bangkok or in Pago Pago – where most of the fish from this region are sent. They usually pay higher prices than the canneries in Solomons or Fiji that have exported to EU in the past. All the Pago fish goes to the US market. Bangkok canned tuna goes US, EU, and other markets. Therefore, in order not to overstate the potential benefits no downstream employment or value-added is considered likely for purse seine vessels in either FSM or the EU in processing. With respect to long-liners, they sell their catches in Italy and Spain, so downstream value-added and employment multipliers in the EU are based on those used for long-liners in the Sao Tome and Principe evaluation. The downstream impacts of transshipment of purse seine catches are based on the assumptions that a) vessels will use their own labour to do so (McCoy and Gillett, 1998), b) the extent of transshipment will be based on a similar proportion to their use of the FSM zone, c) FSM costs of Euro 1/ tonne of fish transhipped, and d) local purchases of goods and services of around Euro 2,000 per transshipment.
9. Purse seine skipjack is valued at Euro 700/tonne and yellowfin at Euro 980/tonne (based on interviews with OPAGAC (September 2004) and FFA market reports. Longline catch is valued (based on prices provided by ORPAGU) at Euro 4,350 for swordfish, Euro 1,680 for marlin, Euro 2,000 for yellowfin, and Euro 1,400 for jaqueton, marrajo, quella.
10. FSM income is derived from the initial licence income and the Euro 35/tonne from EU vessels fishing more than 428 tonnes in the case of purse seiners and 120 tons in the case of long-liners (not applicable in the case of long-liners under any scenario due to low dependency). Additional income is derived from the observer fee and licence application cost.